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# State's Economy Shows Some Signs of Recovery

The state's employment indicators gave mixed signals again in March while other measures of the state's economy showed signs of improvement.

Total employment in Pennsylvania fell to its lowest level in nearly seven years. The drop in the seasonally adjusted number of employed residents in March was the seventh consecutive monthly decline and one of the steepest experienced during the current recession.

The seasonally adjusted number of jobless residents also declined in March. But because this decline was accompanied by a proportionately larger drop in the civilian labor force, the adjusted unemployment rate rose to 13.4 percent from 13.2 percent in February.

The civilian labor force in Pennsylvania fell significantly in the first three months of this year. This measure has been fairly stable with a gradual upward trend throughout the 13 years for which there is comparable data. The recent declines are due more to the length and severity of the current cyclical downturn and to the stringent definition of labor force participation used by the Census Bureau than to any long-term trend. To be counted in the labor force, a person must be actively seeking work. Because of the lack of job opportunities in the more than a year and a half that the state's economy has been contracting, many workers have become discouraged or for other reasons have quit looking for work. Therefore, they are no longer counted in the labor force.

As the economy picks up and employers begin calling back laid-off employees and recruiting new workers, the labor force is expected to swell back up to 1982 levels or higher. This expected rise in the labor force may cause unemployment rates to rise further because many persons looking for work will enter the jobless ranks before landing a position.

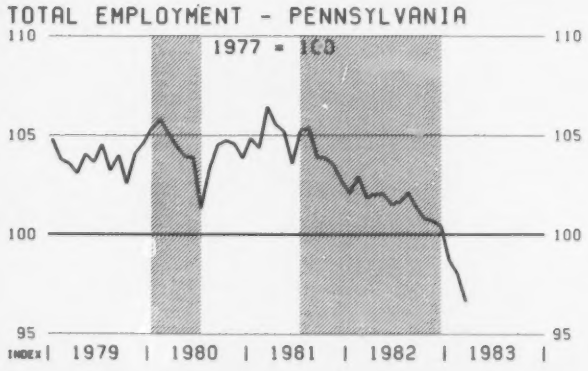
Initial claims for unemployment compensation, a harbinger of future employment losses, also did not indicate declining unemployment. Although the level of new claims in the state was down in March from levels of both a month and a year earlier, it remained at a historically high level.

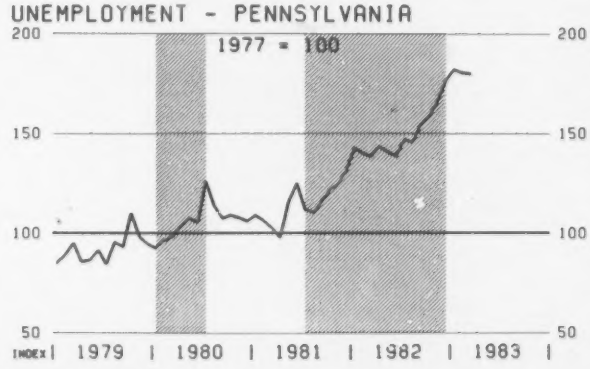
More encouraging was news on the level of jobs in the state's nonagricultural industries. Job levels improved slightly in many industry groups as the number of total nonfarm jobs leveled off at 4.4 million.

The manufacturing sector gained jobs in both durable goods and nondurable goods industries. The job losses in the durable goods industries had been slowing down in recent months, but March's increase in the job level was the first rise in 19 months. Furthermore, the increase in the job level of the nondurable goods industries was only the third since July 1981, the first month of the recession.

Nevertheless, the job gains in both major manufacturing industry groups were small compared to the losses incurred during the recession. In addition, three to five more months of improving job levels are needed before we can confidently say that these industries have bottomed out and are on their way to recovery.

Job gains were also evidenced in some major nonmanufacturing industry groups. Gains in the service sector brought the seasonally adjusted job level in this




**PENNSYLVANIA BUSINESS SURVEY**

College of Business Administration The Pennsylvania State University **May 1983**

industry group to its highest point ever. More than seasonal increases also took place in the job levels of mining, transportation, and retail trade industries. The job levels in state and local governments and finance, insurance, and real estate industries were unchanged after seasonal adjustment while those in the federal government and the construction, public utilities, and wholesale trade industries fell or increased less than normal for March.

The month's most favorable economic news came from the steel industry. Steel production in Pennsylvania increased for the third consecutive month in March, reaching over one million tons for the first time since April 1982. March's increase of 31 percent in the seasonally adjusted average daily production of steel followed increases of 22 percent in January and 7 percent in February.

The comparable production level for the nation increased by only 7 percent in March, resulting in a substantial gain in the state's share of total production. Pennsylvania's mills accounted for 16.6 percent of total national steel production, up from 13.5 percent in February and from a low of 12.1 percent registered in August.

However, no further large gains in steel production are expected in the next few months. The industry's semi-recovery has stalled. Orders for steel mill products, which had been steadily improving through February, fell a steep 26 percent in March. Demand for steel products used in consumer goods, such as automobiles and household appliances, was up sharply in the first two months of this year over levels in the same period a year ago, but sluggish automobile sales have weakened March and April orders. Furthermore, demand in the capital goods sector, which consumes about 70 percent of all steel produced in the U.S., is still declining and is not expected to turn up until the end of the year.

Much of the recent gains in production have been generated by a switch from inventory liquidation to inventory stability. (See graphs.) The dramatic inventory liquidation that occurred in 1982 was curtailed in the first two months of

| **Economic Activity in Pennsylvania** | 1983 Feb. | 1983 Mar. | 1982 Mar. | Seasonally Adjusted Indexes (1977 = 100.) 1983 Feb. | 1983 Mar. | 1982 Mar. |
|---|---|---|---|---|---|---|
| **Pennsylvania Industries** | | | | | | |
| All nonagricultural industries | | | | | | |
| No. of wage and salaried jobs (thous.) | 4,370* | 4,403 | 4,584 | 97.3* | 97.5 | 101.4 |
| Nonmanufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 3,291* | 3,320 | 3,369 | 104.2* | 104.3 | 105.8 |
| Manufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 1,072* | 1,079 | 1,211 | 80.9* | 81.0 | 90.8 |
| Ave. wkly. hrs. worked by prod. workers | 36.8* | 38.9 | 38.7 | 94.0* | 98.4 | 97.9 |
| Total wkly. person-hours worked (mils.) | 26.5* | 28.2 | 32.3 | 69.9* | 73.9 | 84.7 |
| Total wkly. payroll (mil. dols.) | 233.6* | 249.5 | 276.1 | 105.4* | 111.7 | 123.6 |
| Steel production (thous. tons) | 768 | 1,181 | 1,293 | 37 | 48 | 53 |
| Industrial electric power sales (mil. kwh) | 3,167 | 3,306 | 3,637 | 84 | 87 | 96 |
| Mining | | | | | | |
| Anthracite coal (thous. net tons) | 303 | 400 | 459 | 77 | 72 | 83 |
| Bituminous coal (thous. net tons) | 4,395 | n.a. | 7,718 | 65 | n.a. | 102 |
| Construction contracts awarded (mil. dols.) | | | | | | |
| Total | 185.9 | 365.5 | 623.9* | 112 | 98 | 158* |
| Residential building | 54.6 | 145.6 | 134.6* | 90 | 113 | 104* |
| Other building | 78.0 | 141.0 | 237.9* | 148 | 92 | 157* |
| Nonbuilding (utilities and public works) | 53.3 | 78.9 | 251.4 | 103 | 80 | 265* |
| **Employment of Pennsylvania Residents** | | | | | | |
| Employed, no. of persons (thous.) | 4,610 | 4,571 | 4,823 | 98.0 | 96.6 | 101.9 |
| Unemployed | | | | | | |
| No. of persons (thous.) | 759 | 736 | 572 | 108.4 | 179.9 | 138.5 |
| Rate (percentage of labor force) | 14.1 | 13.9 | 10.6 | — | — | — |
| Rate, seasonally adjusted | 13.2 | 13.4 | 10.1 | — | — | — |
| Civilian labor force, no. of persons (thous.) | 5,369 | 5,307 | 5,395 | 104.4 | 103.1 | 104.7 |
| Initial claims for unemployment benefits | 162,636 | 160,664 | 167,871 | 132.7 | 130.1 | 131.6 |

| **Consumer Prices, all items** | Urban Indexes (1967 = 100.) 1983 Feb. | 1983 Mar. | 1982 Mar. | Percentage Change Month Ago | Year Ago |
|---|---|---|---|---|---|
| U.S. city average | 293.2 | 293.4 | 283.1 | +0.1 | +3.6 |
| Philadelphia | 282.0 | 283.0 | 274.7 | +0.4 | +3.0 |
| Pittsburgh | 304.8 | n.a. | 278.6† | n.a. | +9.4 |
| Northeast PA | n.a. | 278.9 | 267.2 | n.a. | +4.4 |

Notes: Data on employment have been revised to first quarter 1981 benchmarks.

* = figure revised † = figure for February 1982 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

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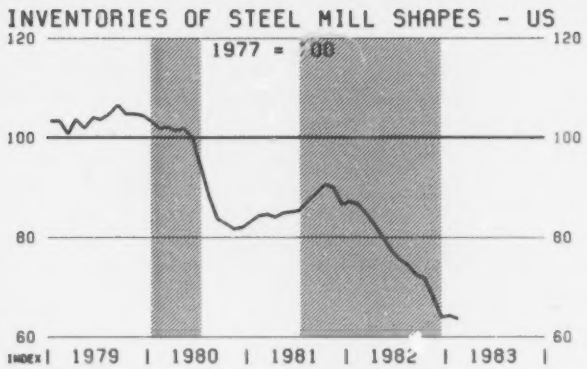


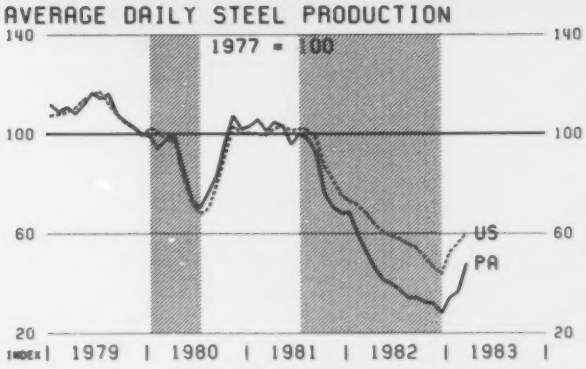


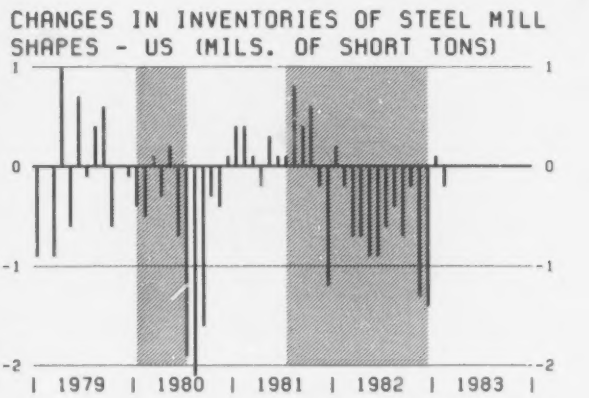


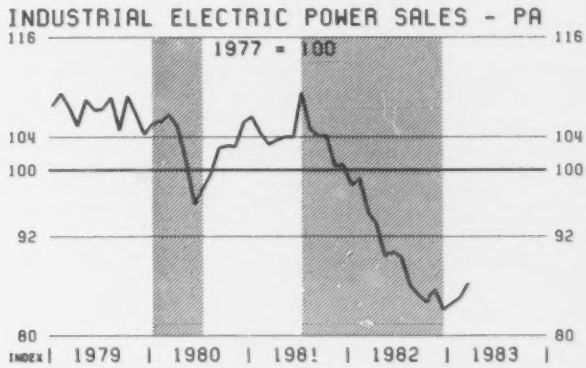


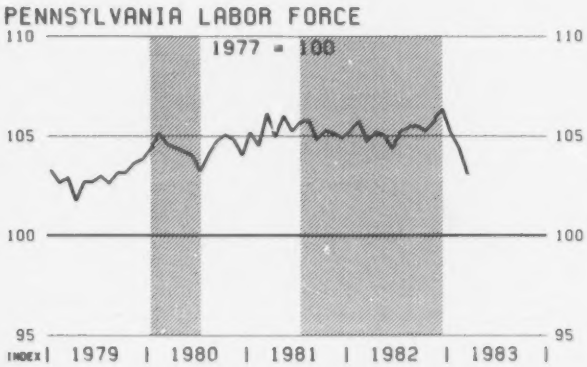


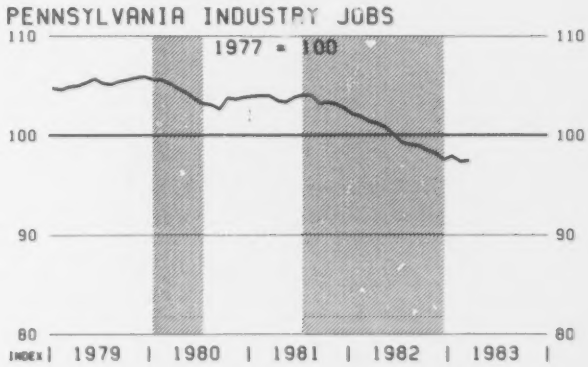


1983 as inventories of steel mill shapes stabilized at approximately 22.1 million short tons. This level is only 64 percent of the 1977 average and historically very low. Thus, any increases in demand could mean immediate increases in production. But producers and analysts are not optimistic on any further gains in the next few months.

In addition, while the steel industry's operating rate has nearly doubled since the end of last year, rising from a low of 30 percent in December to almost 60 percent in April, the rate of rehiring has lagged significantly. This lag is normal, and employment should continue to grow, gradually reducing the disparity. However, the improvements in the production rate will never be matched by improvements in the employment picture. Recently negotiated work-rule changes and planned plant streamlining will work to increase productivity. This means that any given amount of steel will be produced by a smaller, more efficient work force.

The increase in steel production in the state was accompanied by gains in factory payrolls and working hours. Both payrolls and total person-hours worked rose in March to their highest seasonally adjusted levels since last October. Furthermore, the average factory workweek shot up to 38.9 hours — its highest level in over a year — after falling to a seasonally adjusted 37.1 hours in February.

Industrial electric power sales appear to have bottomed out in December of last year. The third consecutive monthly increase in this series was registered last March. Over one-sixth of the 24 percent of sales lost between July 1981 and December 1982 was regained in the first quarter of this year. Further gains are expected as the economy continues to firm up, unless the steel industry — a major customer of the state's electric power companies — incurs additional setbacks.

*— Norma Gavin Pappas*

# Around the State

A consistent pattern of worsening employment conditions was observed around the state in the first quarter of this year. But the performance of other measures of economic activity was more divergent and more encouraging.

Unemployment exceeded previously reached record highs while total employment and the civilian labor force contracted at some of the steepest rates since the beginning of the recession in all of the state's 14 metropolitan areas. Furthermore, the factory job level continued to fall in all areas, except Reading and York. On a brighter note, however, nonmanufacturing job totals leveled off in eight of the areas and rose slightly in York and Harrisburg.

In addition, industrial electric power sales, a measure of short-run changes in industrial production, rose in seven areas and leveled off in four others. Further declines were experienced in Harrisburg, Johnstown, and Philadelphia. Finally, the value of construction contracts for residential buildings awarded last quarter rose from year-ago figures in 11 of the 14 areas while nonresidential building contracts rose in seven of the areas. These awards reflect future construction activity.

# Southeastern Quarter

## Harrisburg

The recession was still very much evident in the relatively strong Harrisburg area economy last quarter.

The seasonally adjusted number of employed area residents fell 3.3 percent in the first quarter of the year and was still falling at the end of the quarter. Concurrently, the seasonally adjusted number of jobless residents rose 5.8 percent to its highest level in the more than 13 years for which there is comparable data.

Nevertheless, the seasonally adjusted level of jobs in the area's nonfarm industries was unchanged last quarter from a quarter earlier. This measure has fallen 3.2 percent since it peaked two years ago, which is the smallest drop among the state's major metropolitan areas.

The bulk of the job losses have been in the manufacturing sector, which lost another 1.5 percent of wage and salaried jobs last quarter after adjusting for normal seasonal variation. About 10 percent of these jobs have been lost since the beginning of the recession.

On the other hand, the seasonally adjusted job level in the nonmanufacturing sector rose 0.2 percent in the first quarter of this year. The total job loss in this sector by the fourth quarter of last year was only 2.2 percent of its peak level, registered in the first quarter of 1981.

Factory workers were also working a shorter week last quarter. Seasonally adjusted average weekly hours in the area's manufacturing industries fell to its lowest quarterly level in the more than 11 years for which there is comparable data. However, the monthly figure shot up to 38.9 hours in March — the highest level in seven months — after dipping down to 37.1 hours in February.

**Harrisburg Area[1]**

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 206.9 | 106 | 109 | 108 |
| Unemployed, no. of residents | 19.9 | 152 | 144 | 141 |
| Civilian labor force, no. of residents | 226.8 | 108 | 111 | 110 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 213.6 | 105 | 105 | 106 |
| Nonmfg. only, no. of jobs | 175.8 | 107 | 106 | 108 |
| Mfg. only, no. of jobs | 37.8 | 96 | 97 | 102 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 38.1 | 96 | 98 | 93 |
| **Industrial electric power sales** | *** | 67 | 76 | 95 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 14.0 | −21.3 | + 9.4 |
| Nonresidential bldg. contracts only | 10.8 | −80.1 | +86.2 |

[1]Cumberland, Dauphin and Perry Counties

Sales of electricity to industrial users in the Harrisburg area were at their lowest level since these data were first compiled in the third quarter of 1974. The seasonally adjusted level of industrial electric power sales fell another 11 percent last quarter, bringing the total decline in sales to more than 40 percent of the third-quarter 1981 level at the start of the 1981-82 recession.

A little life was seen in the construction industry. The value of awards for residential and nonresidential buildings was down in the first quarter of the year from a quarter earlier as is expected for that time of year, but both measures were up from year-ago levels.

## Lancaster

Although total employment fell and unemployment rose in the Lancaster metropolitan area in the first quarter of the year, other indicators suggest economic activity in the area may have bottomed out.

Some of the steepest declines in the seasonally adjusted number of employed area residents took place last quarter. This measure fell 2.6 percent from a quarter earlier and 5.1 percent from third quarter 1981 at the start of the recession. At the same time, the seasonally adjusted level of unemployed workers rose to its highest quarterly level in the more than 13 years for which there is comparable data, exceeding the previous high of a year ago.

But the decline in the seasonally adjusted job level in the area's nonfarm industries leveled off in the first quarter of the year. The seasonally adjusted factory job level was still heading down at the end of the quarter, but at a much slower rate. Almost 10 percent of these jobs have been lost since third quarter 1981.

The number of jobs in the nonmanufacturing sector remained at about the same level it has held for over a year. The seasonally adjusted number of jobs in these industries has dropped less than 1 percent since the beginning of the recession.

## Lancaster Area[1]

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 160.7 | 105 | 108 | 108 |
| Unemployed, no. of residents | 15.6 | 175 | 170 | 173 |
| Civilian labor force, no. of residents | 176.3 | 108 | 111 | 111 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 144.9 | 105 | 105 | 107 |
| Nonmfg. only, no. of jobs | 92.0 | 111 | 111 | 111 |
| Mfg. only, no. of jobs | 52.9 | 94 | 95 | 101 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 37.9 | 96 | 96 | 96 |
| **Industrial electric power sales** | *** | 98 | 94 | 102 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 12.3 | −35.3 | +68.5 |
| Nonresidential bldg. contracts only | 6.0 | −15.5 | +25.0 |

[1]Lancaster County

In addition, the seasonally adjusted length of the factory workweek, after dipping down to 36.0 hours in February, was back up to its January level of 39.2 hours in March. Nevertheless, the quarterly average of 38.1 hours was the lowest recorded in the more than 11 years of comparable data.

The most encouraging news came from industrial electric power sales, which showed industrial activity in the Lancaster area to have picked up last quarter. Between third quarter 1981 and fourth quarter 1982, sales of electricity to the area's industries fell 10.8 percent. Almost 40 percent of this loss was regained in the first quarter of this year.

The area's construction industry also picked up a bit last quarter. The value of construction contracts awarded was down from a quarter earlier, as is normal for the first of the year, but showed substantial increases from year-earlier figures.

## Philadelphia

A further slowdown in the Philadelphia area economy was evident last quarter, but the contraction continued to be less severe than in other metropolitan areas of the state.

Total employment of area residents fell for the second consecutive quarter, losing all the gains of the middle two quarters of 1982. Last quarter's 2.1 percent decline in the seasonally adjusted employment level was among the steepest in the most recent recession. This measure has declined 3.7 percent from its peak reached two years earlier.

At the same time, the number of jobless Philadelphians rose to a seasonally adjusted high of 9.4 percent of the civilian labor force in February and March. But the jobless rate in the area continues to be substantially lower than those of other areas in the state and remains below the 10.5 percent rate reached in May 1975.

The contraction in the area's manufacturing sector cooled off last quarter with a decline of only 0.6 percent in the seasonally adjusted factory job level. A total of 15.3 percent of these jobs have been lost since the third quarter of 1979.

## Philadelphia Area[1]

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 1,929.4 | 104 | 106 | 105 |
| Unemployed, no. of residents | 210.4 | 114 | 110 | 108 |
| Civilian labor force, no. of residents | 2,139.9 | 104 | 106 | 105 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 1,868.3 | 103 | 103 | 104 |
| Nonmfg. only, no. of jobs | 1,483.5 | 109 | 109 | 108 |
| Mfg. only, no. of jobs | 383.1 | 86 | 87 | 93 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | n.a. | n.a. | 97 | 99 |
| **Industrial electric power sales** | | | | |
| Metropolitan area | *** | 94 | 95 | 97 |
| Chester | *** | 91 | 94 | 96 |
| Philadelphia | *** | 95 | 95 | 98 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 118.5 | −12.8 | +36.5 |
| Nonresidential bldg. contracts only | 143.0 | − 3.0 | −47.3 |

[1]Bucks, Chester, Delaware, Montgomery and Philadelphia Counties, Pa.; Burlington, Camden and Gloucester counties, N.J.

The seasonally adjusted level of jobs in the nonmanufacturing sector has risen by 2.4 percent during the same 3½ years. However, the job level has been pretty much flat over the course of the most recent recession.

Sales of electricity to Philadelphia industries are still falling. The seasonally adjusted level of sales fell 1.1 percent last quarter, bringing the total drop in sales to more than 11 percent since they peaked in the first quarter of 1979. Industrial use of electricity on a quarterly basis has not been so low since the end of the 1975 recession.

Finally, the value of construction contracts fell last quarter from a quarter earlier. This is normal for the first of the year. But while the value of awards for nonresidential buildings also fell from the year-ago level, there was a substantial rise in the value of awards for residential buildings.

## Reading

Despite further deterioration in employment last quarter, there were signs of the recession bottoming out in the Reading area economy.

Reading was the only metropolitan area in the state in which the seasonally adjusted job level in manufacturing industries increased from a quarter earlier. These jobs rose 0.8 percent from their low point in the fourth quarter of last year. The job level had fallen more than 10 percent from the third quarter of 1981.

At the same time, the seasonally adjusted job level in the area's nonmanufacturing industries was unchanged from a quarter earlier. The number of nonmanufacturing jobs in the area has not changed substantially in five quarters.

The seasonally adjusted average length of the factory workweek was also unchanged last quarter from a quarter earlier. However, within the quarter, it dropped to 36.7 hours in February and rose back up to 39.6 hours in March — its highest level in 21 months.

### Reading Area[1]

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 136.0 | 102 | 105 | 104 |
| Unemployed, no. of residents | 19.3 | 198 | 190 | 175 |
| Civilian labor force, no. of residents | 155.3 | 108 | 110 | 109 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 131.8 | 101 | 101 | 103 |
| Nonmfg. only, no. of jobs | 83.5 | 105 | 105 | 105 |
| Mfg. only, no. of jobs | 48.2 | 95 | 94 | 99 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 38.1 | 98 | 98 | 99 |
| **Industrial electric power sales** | *** | 98 | 94 | 104 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 6.2 | −38.6 | − 3.1 |
| Nonresidential bldg. contracts only | 3.9 | −66.9 | +62.5 |

[1]Berks County

Another indicator suggesting that the area's economy had bottomed out last quarter is industrial electric power sales, which rose almost 4 percent from a quarter earlier after adjusting for normal seasonal variation. These sales had fallen nearly 20 percent from their pre-recession level in the first quarter of 1981.

Concurrently, however, unemployment rose again, reaching its highest level in the more than 13 years for which there is comparable data. Furthermore, the seasonally adjusted number of employed residents fell another 2.8 percent and was still heading down at the end of the quarter. Total employment has fallen more than 6 percent since the first quarter of the recession.

## York

The York area economy also may have bottomed out last quarter. Only the normal seasonal declines were experienced in the job level of the area's manufacturing industries while the job level in the area's nonmanufacturing industries rose slightly after seasonal adjustment. Other seasonally adjusted indicators, such as the length of the factory workweek and industrial electric power sales, were also unchanged from a quarter earlier.

The seasonally adjusted number of factory jobs in the York area remained at its fourth-quarter 1982 level in the first quarter of this year. This measure, which was at its lowest level since the third quarter of 1975, was rising slightly by the end of last quarter.

The area's nonmanufacturing jobs rose 0.4 percent more than the normal seasonal rise last quarter. Only 2.5 percent of these jobs had been lost in the area since they peaked in the fourth quarter of 1979.

In addition, the average length of the factory workweek shortened by only the normal seasonal amount. The unadjusted levels by the end of the quarter — at 41.0 hours in the durable goods industries and 39.5 hours in the nondurable goods industries — were nevertheless relatively high. Thus, increases in employment should closely follow any substantial increases in industrial production.

### York Area[1]

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 152.5 | 105 | 108 | 110 |
| Unemployed, no. of residents | 24.7 | 233 | 221 | 180 |
| Civilian labor force, no. of residents | 177.3 | 113 | 115 | 114 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 146.3 | 103 | 103 | 108 |
| Nonmfg. only, no. of jobs | 88.4 | 110 | 109 | 110 |
| Mfg. only, no. of jobs | 55.9 | 95 | 95 | 106 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 39.1 | 96 | 96 | 99 |
| **Industrial electric power sales** | *** | 87 | 87 | 95 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 15.8 | + 14.5 | +143.1 |
| Nonresidential bldg. contracts only | 22.2 | +128.9 | + 8.8 |

[1]Adams and York Counties

Industrial electric power sales were picking up by the end of the first quarter although the quarterly average was unchanged from a quarter earlier. Sales of electricity to industrial users in the area fell 17.4 percent in the year between the third quarter of 1981 and the third quarter of 1982. In the fourth quarter of 1982, they rose 0.6 percent, and, by March of this year, they were at their highest level since April 1982.

The value of construction contract awards was up for both residential and nonresidential buildings last quarter. These awards indicate increased construction activity in the coming months.

At the same time, however, employment conditions continued to worsen. The seasonally adjusted number of employed residents fell 2.3 percent last quarter, bringing it to its lowest level in five years. Furthermore, unemployment rose to its highest level in the more than 13 years for which there is comparable data. But, the jobless total did fall back somewhat in February and March after reaching a peak in January.

# Northeastern Quarter

## Lehigh Valley

Employment conditions continued to worsen in the Lehigh Valley area last quarter. Both total employment of area residents and total nonfarm industry jobs were down to their lowest seasonally adjusted levels since the third quarter of 1972.

After seasonal adjustment, total employment was down more than 3 percent in the first quarter of this year from a quarter earlier and almost 9 percent from the third quarter of 1981. At the same time, unemployment rose more than 8 percent from a quarter earlier and 65 percent from the first quarter of the recession. The seasonally adjusted jobless rate, which rose to 13.5 percent last quarter, would have been even worse if the civilian labor force had not contracted 3 percent over the course of the recession.

## Lehigh Valley Area[1]

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 257.3 | 96 | 99 | 101 |
| Unemployed, no. of residents | 43.6 | 196 | 181 | 152 |
| Civilian labor force, no. of residents | 300.9 | 103 | 105 | 105 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 240.8 | 95 | 96 | 100 |
| Nonmfg. only, no. of jobs | 154.9 | 106 | 106 | 107 |
| Mfg. only, no. of jobs | 85.8 | 80 | 81 | 92 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 36.7 | 97 | 97 | 101 |
| **Industrial electric power sales** | | | | |
| Metropolitan area | *** | 99 | 95 | 105 |
| Allentown | *** | 95 | 95 | 96 |
| Bethlehem | *** | 99 | 89 | 110 |
| Easton | *** | 108 | 117 | 114 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 23.4 | −33.0 | +160.0 |
| Nonresidential bldg. contracts only | 20.3 | −37.2 | − 31.2 |

[1]Lehigh, Northampton and Carbon Counties, Pa.; Warren County, N.J.

Job levels in both the area's manufacturing and nonmanufacturing industries were down last quarter from a quarter earlier. However, most of the job losses in the nonmanufacturing sector were normal for that time of year.

The level of factory jobs in the Lehigh Valley area has not been so low since October 1959 at the end of that year's major steel industry strike. Over 21 percent of the area's manufacturing jobs have been lost over the two back-to-back recessions of 1980 and 1981-82. Furthermore, the job level in manufacturing industries was still declining at the end of the first quarter of this year.

The length of the factory workweek rose at the end of the first quarter, but the seasonally adjusted average for the quarter was essentially unchanged from a quarter earlier.

On a more positive note, seasonally adjusted sales of electricity to industrial users in the metropolitan area rose 4 percent last quarter from a quarter earlier. The rise came solely from Bethlehem; industrial electric power sales were unchanged in Allentown and fell further in Easton. Bethlehem, which uses over 50 percent of the electricity sold to industries in the Lehigh Valley area, regained more than 40 percent of the 22 percent of total sales lost between the third quarter of 1981 and the fourth quarter of 1982.

Finally, construction contracts awarded for residential buildings in the area were down from a quarter earlier, as is normal in the first quarter of a year, but they were up substantially from the depressed level of a year ago. Construction contracts awarded for nonresidential buildings were down last quarter from levels of both a quarter and a year earlier.

## Northeast

Although there was little evidence to suggest a pickup in the economy of the Northeast metropolitan area, it had clearly leveled off in the first quarter of the year.

## Northeast Area[1]

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | | | | |
| Northeast metropolitan area | 242.1 | 100 | 103 | 103 |
| Lackawanna County[2] only | 86.2 | 100 | 103 | 103 |
| Luzerne County[3] only | 129.7 | 100 | 103 | 103 |
| Unemployed, no. of residents | | | | |
| Northeast metropolitan area | 38.1 | 130 | 124 | 119 |
| Lackawanna County[2] only | 12.2 | 113 | 114 | 112 |
| Luzerne County[3] only | 21.6 | 133 | 127 | 123 |
| Civilian labor force, no. of residents | | | | |
| Northeast metropolitan area | 280.2 | 104 | 105 | 105 |
| Lackawanna County[2] only | 98.3 | 101 | 104 | 104 |
| Luzerne County[3] only | 151.3 | 103 | 105 | 105 |
| **Local industries, Northeast metropolitan area** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 226.4 | 99 | 99 | 101 |
| Nonmfg. only, no. of jobs | 164.7 | 104 | 104 | 105 |
| Mfg. only, no. of jobs | 61.7 | 87 | 88 | 93 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 36.6 | 101 | 100 | 102 |
| **Industrial electric power sales** | | | | |
| Northeast metropolitan area | *** | 94 | 94 | 99 |
| Lackawanna County[2] only | *** | 95 | 94 | 98 |
| Luzerne County[3] only | *** | 90 | 89 | 97 |
| Hazleton | *** | 85 | 85 | 93 |
| Wilkes-Barre | *** | 86 | 84 | 90 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 26.1 | +13.5 | +174.7 |
| Nonresidential bldg. contracts only | 5.8 | −29.3 | + 65.7 |

[1]Lackawanna, Luzerne and Monroe Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton

The seasonally adjusted job level in the area's manufacturing industries fell another 1.3 percent last quarter but was falling at a slower rate than it had in the previous five quarters. In addition, the seasonally adjusted job level in the area's nonmanufacturing industries was unchanged from a quarter earlier. Almost 11 percent of total factory jobs in the area have been lost since the third quarter of 1981 while less than 2 percent of nonmanufacturing jobs have been lost. Last quarter, total nonfarm industry jobs stood at their lowest level in six years but changed little from a quarter earlier.

The average length of the factory workweek fell slightly in the area's durable goods industries while it posted a small gain in the nondurable goods industries. The seasonally adjusted value for all manufacturing industries rose to 36.6 hours in the first quarter of 1983 from 36.2 hours in the fourth quarter of 1982.

Sales of electricity to industrial users also leveled off last quarter, with Scranton and Wilkes-Barre posting small gains after seasonal adjustment of the data.

There was also a marked increase in the value of awards for construction of residential buildings in the area both from a quarter and a year earlier. Furthermore, nonresidential building contracts were up substantially from their year-earlier level.

However, employment conditions in the Northeast area remained sour last quarter. Total employment in the area fell 2.7 percent after seasonal adjustment to its lowest level since

**Williamsport Area[1]**

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 42.9 | 95 | 98 | 98 |
| Unemployed, no. of residents | 8.8 | 180 | 167 | 142 |
| Civilian labor force, no. of residents | 51.8 | 102 | 104 | 102 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 42.9 | 95 | 96 | 98 |
| Nonmfg. only, no. of jobs | 28.8 | 104 | 104 | 103 |
| Mfg. only, no. of jobs | 14.1 | 81 | 82 | 91 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 38.4 | 99 | 99 | 102 |
| **Industrial electric power sales** | *** | 88 | 88 | 96 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 1.2 | − 40.0 | +100.0 |
| Nonresidential bldg. contracts only | 0.0 | −100.0 | −100.0 |

[1]Lycoming County

the second quarter of 1977. In addition, the seasonally adjusted number of jobless residents rose in Luzerne and Monroe Counties while it fell slightly in Lackawanna County. But because the number of workers in the labor force declined, the seasonally adjusted unemployment rate rose in all three counties.

## Williamsport

The economic indicators for the Williamsport metropolitan area show the recession to have slowed down and maybe even to have bottomed out last quarter. But a recovery had not yet begun.

The job levels in both the area's manufacturing and nonmanufacturing sectors fell last quarter, but the total declines were less than 1 percent of levels a quarter earlier after seasonal adjustment. The seasonally adjusted factory job level fell 0.7 percent from a quarter earlier. This measure had been pretty steady throughout 1981 and the first half of 1982, even gaining some jobs by the end of this period. However, in the second half of 1982, it plunged and was 11 percent below the second quarter level in the fourth quarter of the year.

On the other hand, the seasonally adjusted level of jobs in the area's nonmanufacturing industries, which fell a small 0.3 percent last quarter, reached a low in the first quarter of 1982 and has risen 1.4 percent since then. Nevertheless, the seasonally adjusted total nonfarm industry job level was the lowest it has been since the second quarter of 1972.

The length of the factory workweek was unchanged last quarter after seasonal adjustment. This measure is expected to rise before job levels because employers will increase production by first increasing the working hours of those still on the job before hiring back laid-off workers.

Production in the area's industries may not have substantially increased last quarter, but it did appear to have leveled off. Seasonally adjusted sales of electricity to industrial users, a short-run measure of changes in industrial output, was unchanged from a quarter earlier. These sales were down more than 18 percent from their peak in the first quarter of 1979. In the first quarter of this year, they stood at

**Erie Area[1]**

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 102.5 | 95 | 99 | 102 |
| Unemployed, no. of residents | 21.7 | 226 | 205 | 148 |
| Civilian labor force, no. of residents | 124.2 | 105 | 107 | 105 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 102.3 | 94 | 95 | 100 |
| Nonmfg. only, no. of jobs | 68.1 | 103 | 104 | 104 |
| Mfg. only, no. of jobs | 34.1 | 80 | 82 | 94 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 39.6 | 96 | 97 | 97 |
| **Industrial electric power sales** | *** | 75 | 75 | 83 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 5.0 | +11.1 | − 2.0 |
| Nonresidential bldg. contracts only | 4.1 | −19.6 | −33.9 |

[1]Erie County

their lowest level since the end of the relatively severe 1973-75 recession.

As in other metropolitan areas of the state, however, employment conditions worsened in the Williamsport area last quarter. Total employment plunged while unemployment rose to a new record high. The seasonally adjusted number of employed area residents fell 3.3 percent, the largest quarterly drop of the recession. This measure was 6.6 percent below its third quarter 1981 level and 10.4 percent below its peak level in the fourth quarter of 1978.

At the same time, the seasonally adjusted number of jobless residents was at its highest quarterly rate in the 13 years for which there is comparable data. However, the monthly rates for the January-March quarter had fallen back somewhat from December's record high.

Finally, there were very few construction contracts awarded last quarter, but this is not unusual for the first of the year.

# Northwestern Quarter

## Erie

The Erie area economy was still mired down in recession in the first quarter of this year. Total employment of residents and job levels in the area's nonfarm industries were their lowest in over a decade while industrial activity, as measured by seasonally adjusted sales of electricity to industrial users, remained at the 15-year low reached in the fourth quarter of last year.

The seasonally adjusted number of employed residents in Erie fell sharply last quarter and the number of jobless residents rose to its highest level in the more than 13 years that these data have been compiled. The jobless count would have been worse if the civilian labor force had not fallen back to its fourth quarter 1981 level.

Job levels were down from a quarter earlier in both the area's manufacturing and nonmanufacturing sectors. The seasonally adjusted level of factory jobs rose slightly in

January and February but fell back somewhat in March. This measure has fallen 23 percent over the two back-to-back recessions of 1980 and 1981-82. At the same time, the seasonally adjusted job level in nonmanufacturing industries fell less than 4 percent, with most of the job losses occurring during the 1980 recession. The job level in these industries has remained relatively stable over the most recent recession.

Other economic indicators for the area supported the grim picture painted by the employment figures. The seasonally adjusted average length of the factory workweek was at its lowest quarterly level in the more than 11 years for which there is comparable data.

Furthermore, after adjustment for normal seasonal variation, industrial electric power sales were at their lowest level since third quarter 1967 but were essentially unchanged from a quarter earlier.

Finally, construction contracts awarded for both residential and nonresidential buildings remained weak. Both measures were down from levels of a year ago. But while the value of nonresidential building contracts fell from a quarter earlier, as seasonally expected, the value of residential contracts rose slightly.

## Sharon

All of the employment measures for the Sharon metropolitan area continued to paint a dismal picture in the first quarter of the year. At the same time, however, industrial activity, as measured by sales of electricity to industrial users, picked up considerable momentum.

Total employment fell another 5 percent last quarter, bringing the total decline in this measure to 17 percent of its third quarter 1981 level. In addition, the number of jobless residents has more than doubled over the previous year and a half. As a result, the seasonally adjusted unemployment rate soared to 22.8 percent of the labor force in January but fell back to 20.6 percent in February and 20.3 percent in March.

The record high unemployment rates for the area have been helped by the contracting work force. The seasonally adjusted civilian labor force fell for the fourth consecutive quarter in the first quarter of the year and stood more than 4 percent below its third quarter 1981 level. Thus, there are more jobless residents in the area than the official statistics show.

Furthermore, the number of factory jobs fell 6.2 percent last quarter. One out of every three jobs in the area's manufacturing industries has been lost since the third quarter of 1981. This is in addition to the jobs lost in the 1980 recession, most of which were not regained before the most recent downturn.

A considerable number of nonmanufacturing jobs has also been lost in the area. The seasonally adjusted job level in these industries has fallen 6.5 percent from third quarter 1981. However, by the first quarter of this year, the nonmanufacturing job level appeared to be stabilizing.

Good news was seen in the seasonally adjusted level of industrial electric power sales, which rose 12.5 percent last quarter after rising 4.2 percent in the quarter earlier. Just under half of the almost 28 percent of sales lost between third quarter 1981 and third quarter 1982 had been regained by the first quarter of the year.

**Sharon Area[1]**

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 41.5 | 87 | 92 | 98 |
| Unemployed, no. of residents | 11.8 | 283 | 256 | 206 |
| Civilian labor force, no. of residents | 53.3 | 103 | 105 | 106 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 38.7 | 88 | 90 | 97 |
| Nonmfg. only, no. of jobs | 28.2 | 100 | 101 | 103 |
| Mfg. only, no. of jobs | 10.5 | 65 | 70 | 86 |
| **Industrial electric power sales** | *** | 101 | 90 | 97 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 1.6 | − 46.7 | +45.5 |
| Nonresidential bldg. contracts only | 2.0 | +185.7 | −95.8 |

[1]Mercer County

The highly volatile contract construction series for nonresidential buildings was way down from year-ago levels but rose from its extremely low level in the fourth quarter of 1982. The more stable residential building series fell from its level a quarter earlier, as is normal for that time of year, but was up substantially from its year-ago level.

# Southwestern Quarter

## Altoona

There was no relief from Altoona's worsening employment conditions in the first quarter of the year. Seasonally adjusted indicators for total employment and factory job levels continued to decline.

The seasonally adjusted number of employed area residents fell to its lowest quarterly level in the more than 13 years for which there is comparable data. Some of the steepest declines in this measure since the beginning of the recession took place last quarter.

The highest seasonally adjusted number of jobless residents was also registered in the Altoona area last quarter. This measure peaked in January, declining somewhat in February and March. However, the declines in the number of unemployed workers in the latter two months of the quarter were accompanied by substantial drops in the civilian labor force and therefore do not necessarily indicate improving conditions. Last quarter, the work force stood at its lowest seasonally adjusted level since the fourth quarter of 1977.

Furthermore, after taking account of normal seasonal variation, the job level in the area's manufacturing industries was still heading down at the end of the quarter. The seasonally adjusted level of factory jobs in the first quarter was about 15 percent lower than its level in the third quarter of 1981 and was the lowest it has been in almost 25 years.

In addition, the level of jobs in the area's nonmanufacturing sector has been declining since the third quarter of 1978 and last quarter was more than 13 percent

**Altoona Area[1]**

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 44.9 | 90 | 93 | 95 |
| Unemployed, no. of residents | 10.2 | 228 | 210 | 190 |
| Civilian labor force, no. of residents | 55.1 | 100 | 101 | 102 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 44.2 | 89 | 89 | 93 |
| Nonmfg. only, no. of jobs | 33.6 | 91 | 91 | 94 |
| Mfg. only, no. of jobs | 10.7 | 84 | 85 | 92 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 37.7 | 100 | 100 | 100 |
| **Industrial electric power sales** | *** | 76 | 72 | 92 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 1.9 | −58.8 | +90.0 |
| Nonresidential bldg. contracts only | 1.6 | −83.8 | + 6.7 |

[1]Blair County

**Johnstown Area[1]**

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 79.3 | 83 | 87 | 92 |
| Unemployed, no. of residents | 26.4 | 233 | 203 | 151 |
| Civilian labor force, no. of residents | 105.6 | 98 | 99 | 98 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 71.3 | 83 | 84 | 92 |
| Nonmfg. only, no. of jobs | 59.3 | 91 | 92 | 98 |
| Mfg. only, no. of jobs | 12.0 | 58 | 60 | 73 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 34.6 | 89 | 90 | 92 |
| **Industrial electric power sales** | *** | 70 | 73 | 123 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 5.1 | −37.0 | − 1.9 |
| Nonresidential bldg. contracts only | 3.0 | −41.2 | −33.3 |

[1]Cambria and Somerset Counties

lower than at that time but was little changed from a quarter earlier.

Other measures showed some improvement in the Altoona economy, but the increases are small and are not yet strong enough to give a convincing indication that the recession has ended in the area.

Average weekly hours in the area's manufacturing industries rose in March to a seasonally adjusted 38.4 hours from 37.9 hours in February. However, the length of the factory workweek was unchanged in the first quarter from the quarter earlier.

Industrial electric power sales rose in the first quarter. But last quarter's 5.5 percent rise in sales still left them 31 percent below their peak in the second quarter of 1979.

Finally, construction contracts awarded in the Altoona area were down substantially from a quarter earlier, as is normal for this time of year, but residential building contracts were outpacing awards of a year ago.

## Johnstown

The Johnstown economy was still taking a beating from the recession and the curtailment of the area's steel operations in the first quarter of this year. The level of jobs in the manufacturing sector was the lowest recorded in the post-World War II era, bringing both total employment in the area to its lowest level and unemployment to its highest level in the more than 13 years for which these data have been compiled. The seasonally adjusted unemployment rate at 23.6 percent in the first quarter was among the highest in the nation.

The number of wage and salaried jobs in Johnstown's manufacturing industries has fallen steeply and steadily since before the 1980 recession. The seasonally adjusted factory job level in the first quarter of this year was down by almost 40 percent from its level in the fourth quarter of 1979.

In addition, factory workers still on the job were working a much shortened workweek at the beginning of the year. The average length of the factory workweek fell to 34.5 hours in the first quarter of the year, down from 35.1 hours in the previous quarter. However, all of the decline came from producers of nondurable goods. The workweek in durable goods factories rose to 37.7 hours last quarter from 36.6 hours a quarter earlier while, in nondurable goods factories, it tumbled to 33.2 hours from 36.7 hours.

The job losses in the area's nonmanufacturing industries slowed down last quarter. However, the number of these jobs remained at a level more than 7 percent below the third quarter 1981 level and almost 14 percent below the third quarter 1979 level.

Industrial electric power sales also fell again last quarter. These sales were down 43 percent last quarter from their peak a year ago when Bethlehem's new electric furnace was in full operation.

Finally, the value of construction contracts in the area for residential and nonresidential buildings was down from both a quarter and a year earlier.

## Pittsburgh

Some pickup in economic activity was evident in the Pittsburgh metropolitan area last quarter, but employment continued to fall throughout the quarter and the unemployment rate rose to new record highs.

The seasonally adjusted number of employed area residents fell another 3.4 percent in the first quarter of the year, bringing the total percentage decline in this measure since the first quarter of the recession to almost 12 percent. Furthermore, the seasonally adjusted jobless total has more than doubled over the recession. It rose another 7.7 percent last quarter.

The unemployment rate after seasonal adjustment stood at 16.3 percent in the first quarter of the year, the highest level in the more than 13 years for which there is comparable data. This rate would have been even higher if the work force had not contracted 1.8 percent last quarter.

In addition, the seasonally adjusted level of factory jobs, which has dropped by nearly one-third since the first quarter

## Pittsburgh Area[1]

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 837.8 | 94 | 97 | 102 |
| Unemployed, no. of residents | 173.4 | 258 | 240 | 162 |
| Civilian labor force, no. of residents | 1,011.1 | 105 | 107 | 106 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 837.6 | 94 | 94 | 101 |
| Nonmfg. only, no. of jobs | 668.9 | 103 | 103 | 106 |
| Mfg. only, no. of jobs | 168.2 | 68 | 69 | 86 |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 37.9 | 92 | 93 | 96 |
| **Industrial electric power sales** | *** | 58 | 55 | 88 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 52.2 | − 6.3 | +260.0 |
| Nonresidential bldg. contracts only | 90.0 | −47.2 | +123.3 |

[1]Allegheny, Beaver, Washington and Westmoreland Counties

## State College Area[1]

| | Ave. mo. value 1 Q.'83 | Average monthly index seas. adj. (1977 = 100) 1 Q.'83 | 4 Q.'82 | 1 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 43.8 | 107 | 110 | 110 |
| Unemployed, no. of residents | 6.4 | 224 | 203 | 169 |
| Civilian labor force, no. of residents | 50.3 | 114 | 116 | 113 |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage & salaried jobs | 45.0 | 111 | 112 | 112 |
| Nonmfg. only, no. of jobs | 38.3 | 111 | 112 | 110 |
| Mfg. only, no. of jobs | 7.0 | 108 | 110 | 122 |
| **Industrial electric power sales** | *** | 86 | 83 | 94 |

| **Construction contracts awarded** *(in millions of dollars)* | Total 1Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 5.1 | + 4.1 | +34.2 |
| Nonresidential bldg. contracts only | 0.2 | −96.4 | −95.0 |

[1]Centre County

of the recession, reached a new post-World War II low last quarter. At the same time, however, the seasonally adjusted nonmanufacturing job level was essentially unchanged from a quarter earlier. The job level in these industries has fallen 3.8 percent from its peak level three years earlier.

The seasonally adjusted average length of the factory workweek also declined slightly from a quarter earlier. This measure has fallen to 37.4 hours from 40.8 hours in the second quarter of 1981. Because the workweek is currently so low, the turnaround in employment levels will lag the pickup in industrial production by several months.

Industrial activity, as measured by sales of electricity to industrial users, began to pick up in the area last January. The seasonally adjusted level of sales increased steadily in the first three months of the year. March's level of sales was 22 percent higher than the level in December. At that time, sales were less than half what they were in July 1981 at the start of the recession.

Construction activity also picked up last quarter from a year ago. The value of awards for both residential and nonresidential buildings declined from a quarter earlier, as is normal for the first of the year, but both measures were well ahead of last year's awards.

## State College

Employment conditions in the State College area deteriorated last quarter, but industrial activity, as measured by sales of electricity to area industries, picked up for the first time in a year and a half and the value of awards for residential building construction was up substantially from the year-earlier level.

The seasonally adjusted number of employed residents in the State College metropolitan area dropped 3.1 percent from a quarter earlier after three years of relative stability.

At the same time, the number of jobless residents rose to a new record high. The seasonally adjusted unemployment rate in Centre County has doubled since the beginning of the 1980 recession.

Job levels were down slightly in both the area's manufacturing and nonmanufacturing industries in the first quarter of the year. The seasonally adjusted number of factory jobs fell for the fourth consecutive quarter to its lowest non-strike level since the third quarter of 1980. The total loss in factory jobs since this measure peaked in the third quarter of 1981 has been more than 12 percent of that quarter's total.

On the other hand, the job level in the area's nonmanufacturing industries has grown more than 1 percent during this time. However, by the end of last quarter most of these job gains had been lost.

Despite the dismal employment picture in the first quarter of the year, there were signs that economic activity was picking up a bit. Industrial electric power sales, adjusted for seasonal variation, rose 3.1 percent from a quarter earlier after falling for five consecutive quarters. Between third quarter 1981 and fourth quarter 1982, they fell more than 19 percent.

The construction industry also showed some life in residential building contracts. The value of awards for these buildings was up significantly from year-ago levels. But there was very little new activity in nonresidential building construction awards.

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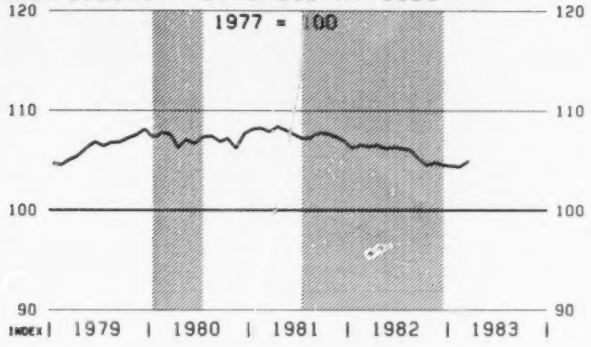
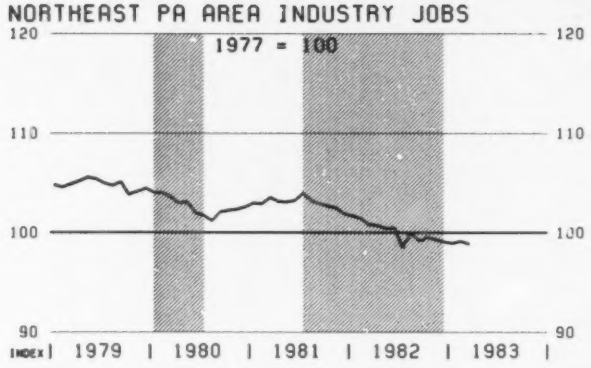
HARRISBURG AREA INDUSTRY JOBS




NORTHEAST PA AREA INDUSTRY JOBS

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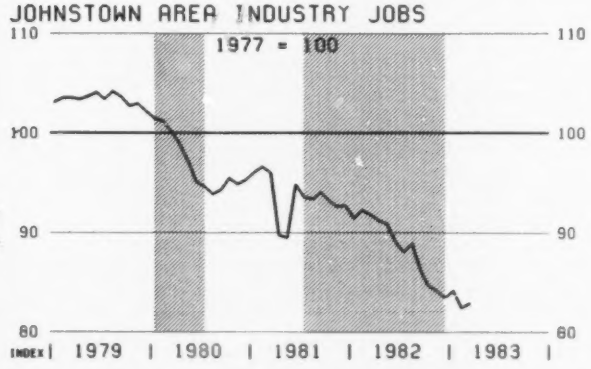


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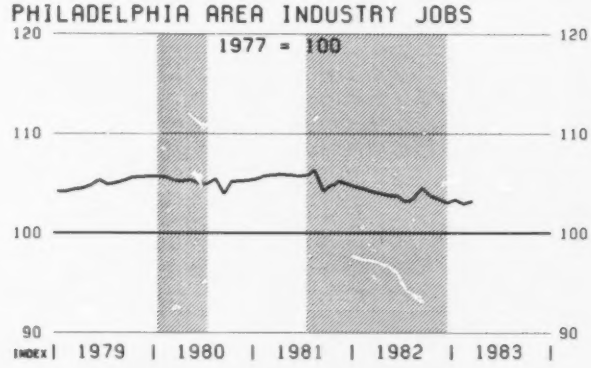


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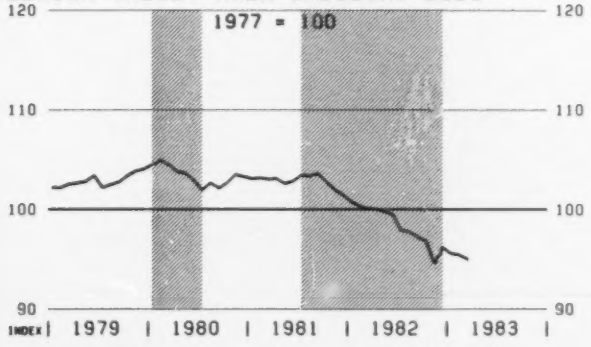


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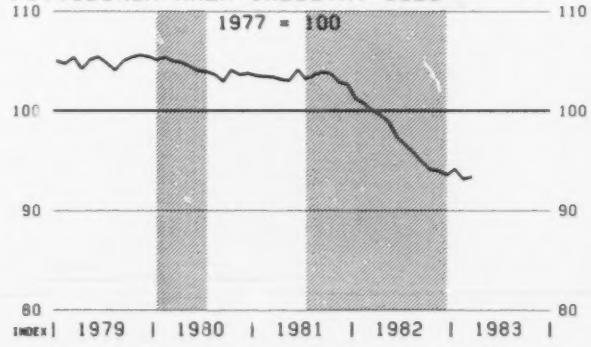


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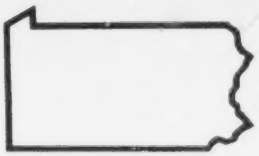


**Pennsylvania Index of Leading Indicators** — *Nelson J. Lacey* ... **SEE PAGE 4**
**Rebirth of an Era** — *Malcolm S. Forbes, Jr.* ..... **SEE PAGE 6**

# State's Economy Improves in April

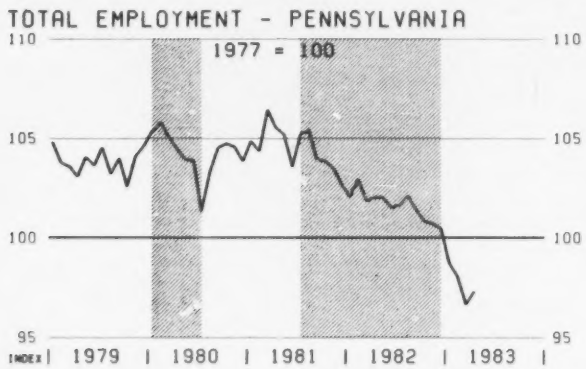
April's indicators gave further evidence that the worst of the recession is over and that a recovery in the state's economy is on its way — or may have already begun. Total employment of Pennsylvania residents rose, unemployment declined, small job gains were experienced in most major sectors of the economy, and factory output, as measured by seasonally adjusted industrial electric power sales, rose for the fourth consecutive month.

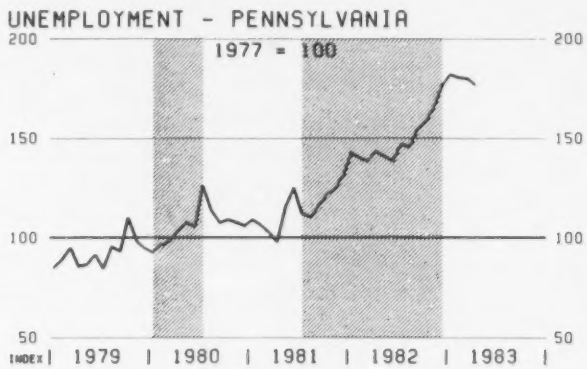
Although widespread, the improvements in the economy in April were not felt by all Pennsylvanians: 13.2 percent of the work force remained jobless. Furthermore, many conditions that made the general economic slowdown especially acute in Pennsylvania, such as foreign competition in steel mill products, still exist. These persisting conditions will require further structural changes in the state's economy and additional economic hardship for many Pennsylvanians.

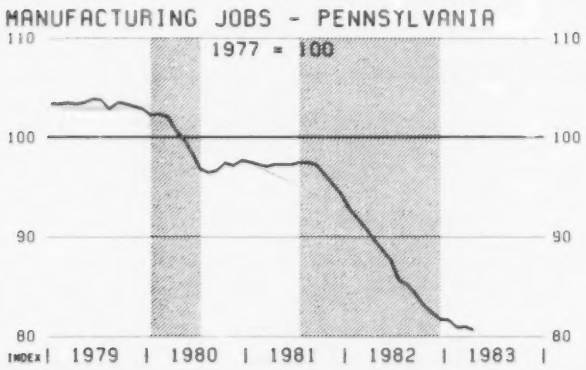
The most encouraging news was the turnaround in the level of total employment. The seasonally adjusted number of employed Pennsylvanians increased 0.6 percent in April, after falling more than 8 percent since it peaked in August 1981. April's increase was the first in eight months.

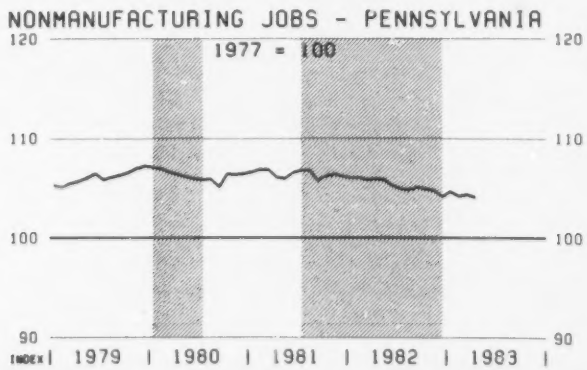
At the same time, the seasonally adjusted number of jobless residents declined for the third consecutive month. April's decrease of 1.6 percent followed declines of 0.8 percent in February and 0.3 percent in March.

Job levels rose in most major sectors of the economy, but the increases fell short of the normal seasonal gains for April. Therefore, the seasonally adjusted indexes for that




**PENNSYLVANIA BUSINESS SURVEY**

College of Business Administration The Pennsylvania State University **June 1983**

month were still heading down. The index for the level of jobs in all the state's nonfarm industries at 97.2 (1977 = 100) has not been so low since September 1975, but it was only one-tenth of a percentage point below February's level. Thus, if the decline has not yet halted (which will take another few months of data to determine), it definitely has slowed down.

In the manufacturing sector, both durable goods industries and nondurable goods industries gained jobs in April. However, neither major manufacturing group gained more than the normal seasonal amount. The seasonally adjusted index for wage and salaried jobs in durable goods factories fell to a new low of 75.9 (1977 = 100) from 76.2 in March. The index for nondurable goods factories stood at 88.1 in April — only one-tenth of a percentage point above the record low registered in February of this year.

However, more than seasonal increases in factory activity were reflected in payrolls and total person-hours worked. Seasonally adjusted levels of both of these measures increased 1.3 percent in April, after increasing 5.8 percent in March. Total weekly person-hours worked and inflation-adjusted payrolls fell almost 27 percent between August 1981 and February 1982.

In April, average weekly hours worked by production workers were at their highest seasonally adjusted level since August 1981. Soon employers will have to start recalling laid-off workers to further increase production.

The state's steel mills were pouring more steel in April. That month's 15 percent increase in the seasonally adjusted average daily production of steel was the fourth consecutive monthly increase. This measure has almost doubled since December but is still only half of levels prevailing before the two recent back-to-back recessions.

Furthermore, the state's increase in steel production was again proportionately greater than the increase for the nation as a whole. Nationally, the seasonally adjusted average daily production of steel increased 10.5 percent in April. As a result, Pennsylvania's percentage of total national production increased to 17.1 percent from 16.4 percent in March.

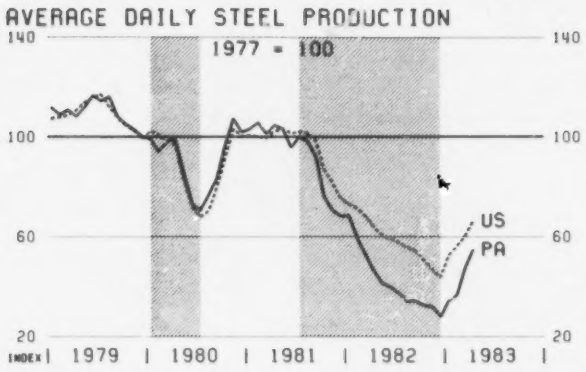
| **Economic Activity in Pennsylvania** | 1983 Mar. | 1983 Apr. | 1982 Apr. | Seasonally Adjusted Indexes (1977 = 100.) 1983 Mar. | 1983 Apr. | 1982 Apr. |
|---|---|---|---|---|---|---|
| **Pennsylvania Industries** | | | | | | |
| All nonagricultural industries | | | | | | |
| No. of wage and salaried jobs (thous.) | 4,405* | 4,449 | 4,630 | 97.5 | 97.2 | 101.2 |
| Nonmanufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 3,322* | 3,360 | 3,420 | 104.4* | 104.1 | 106.0 |
| Manufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 1,078* | 1,083 | 1,204 | 81.0 | 80.6 | 89.7 |
| Ave. wkly. hrs. worked by prod. workers | 38.9 | 39.0 | 38.1 | 98.4 | 99.4 | 96.9 |
| Total wkly. person-hours worked (mils.) | 28.2* | 28.5 | 31.6 | 74.0* | 74.9 | 82.9 |
| Total wkly. payroll (mil. dols.) | 248.8* | 251.6 | 269.9 | 111.4* | 112.9 | 121.1 |
| Steel production (thous. tons) | 1,172* | 1,249 | 1,057 | 48 | 55 | 46 |
| Industrial electric power sales (mil. kwh) | 3,306 | 3,276 | 3,457 | 86 | 89 | 94 |
| Mining | | | | | | |
| Anthracite coal (thous. net tons) | 400 | 381 | 274 | 72 | 79 | 56 |
| Bituminous coal (thous. net tons) | 5,627 | n.a. | 6,416 | 75 | n.a. | 94 |
| Construction contracts awarded (mil. dols.) | | | | | | |
| Total | 365.5 | 404.7 | 421.9* | 98 | 127 | 129* |
| Residential building | 145.6 | 200.7 | 161.7* | 113 | 137 | 104* |
| Other building | 141.0 | 140.3 | 159.9* | 92 | 146 | 160* |
| Nonbuilding (utilities and public works) | 78.9 | 63.6 | 100.3* | 80 | 78 | 133* |
| **Employment of Pennsylvania Residents** | | | | | | |
| Employed, no. of persons (thous.) | 4,571 | 4,636 | 4,862 | 96.6 | 97.3 | 102.0 |
| Unemployed | | | | | | |
| No. of persons (thous.) | 736 | 691 | 556 | 179.9 | 177.0 | 143.3 |
| Rate (percentage of labor force) | 13.9 | 13.0 | 10.3 | — | — | — |
| Rate, seasonally adjusted | 13.4 | 13.2 | 10.5 | — | — | — |
| Civilian labor force, no. of persons (thous.) | 5,307 | 5,327 | 5,418 | 103.1 | 103.4 | 105.2 |
| Initial claims for unemployment benefits | 160,664 | 162,547 | 181,145 | 130.1 | 123.0 | 133.0 |

| **Consumer Prices, all items** | Urban Indexes (1967 = 100.) 1983 Mar. | 1983 Apr. | 1982 Apr. | Percentage Change Month Ago | Year Ago |
|---|---|---|---|---|---|
| U.S. city average | 293.4 | 295.5 | 284.3 | +0.7 | +3.9 |
| Philadelphia | 283.0 | 283.5 | 275.1 | +0.2 | +3.1 |
| Pittsburgh | n.a. | 302.5 | 275.3 | n.a. | +9.9 |
| Northeast PA | 278.9 | n.a. | 267.2† | n.a. | +4.4 |

Notes: Data on employment have been revised to first quarter 1982 benchmarks.

* = figure revised † = figure for March 1982 n.a. = data not available

 SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST




Although we may see some further improvement in the state's share of steel production in the coming months, it is not expected to return to the 21-23 percent average of the 1970s. The focus of the nation's steel industry has shifted to the Great Lakes region where the plants are more modern and are closer to raw materials and to major markets. In addition, the mix of products of the Great Lakes plants is more concentrated in the markets that in recent months have shown the greatest strength, i.e., autos and other consumer durables. The Pittsburgh area product mix is more concentrated in heavy steel for plants and equipment — the demand for which is not expected to show any strength until the end of the year.

The increase in steel production has been accompanied by increases in industrial electric power sales. The seasonally adjusted level of sales rose 3.0 percent in April to its highest level since last July. April's increase followed increases of 0.8 percent in January, 0.9 percent in February, and 2.1 percent in March.

The state's mining industry, which is also closely related to the fortunes of the steel industry, has shown some improvement. The seasonally adjusted index for bituminous coal mined in the state rose to 74.6 (1977 =100) in March, the latest month for which there is data. In February, the index had dipped to 64.6 — its lowest non-strike level in more than two decades. In addition, anthracite coal production, which has been trending up in the past year, rose again in April when it stood at more than 40 percent above its low of a year earlier.

The number of mining jobs in the state rose in April, but not as much as expected for that time of year. Nevertheless, the seasonally adjusted index at 89.1 (1977 = 100) was considerably higher than January's low of 78.5.

The construction industry also gained fewer jobs than is normal for April. The seasonally adjusted index fell from 87.3 (1977 = 100) to 83.3 — its lowest level in 19 years. Nevertheless, we can expect stronger increases in the months ahead. The value of construction contracts awarded in April, which measures future construction activity, rose substantially in April.

The seasonally adjusted value of awards for residential buildings at $193 million was exceeded only twice before — in September and November of 1978. But much of this year's strength compared to earlier years is greatly reduced when the figures are adjusted for inflation. In constant 1977 dollars, the value of residential awards for the first quarter of this year was only 65 percent of 1979's first-quarter level (a strong quarter for these awards) but was 132 percent of last year's first-quarter level.

Nonresidential building awards also contributed to the large increase in the seasonally adjusted index for total contract construction awards. In recent years, March has been the most active month for commercial building awards, which then fell off in April. However, this year the value of these awards did not fall off in April but remained at about the same level as a month earlier, which resulted in a big jump in April's seasonally adjusted level. But in constant 1977 dollars, the first-quarter level of nonresidential building awards was trailing the first-quarter levels for 1980 and 1982 — both strong quarters for these awards. This year's level was 57 percent of 1980's level and 61 percent of 1982's level.

The service-producing sector of the economy also showed improvement in April. The same pattern of small but less than seasonal job gains took place in many of these industry groups. Increases in the job levels of the state's wholesale trade, finance, insurance, and real estate industries and in federal government positions were less than usual for a typical April. However, the service industry reached another all-time high in April, and transportation gained slightly more jobs than normal. At the same time, the job levels in public utilities and retail trade were unchanged after seasonal adjustment. Only state and local government lost jobs in April when an increase was expected.

Also increasing less than seasonally expected was the level of new claims for unemployment compensation. The level of initial claims signal job losses and increases in unemployment in the coming months. After adjustments for calendar variations, the level of new claims usually rise 11.8 percent in April. However, this year they rose only 5.6 percent. Therefore, the seasonally adjusted index for this measure fell to 123.0 (1977 = 100) from 130.1 in March and 133.0 a year ago. April's level was the lowest since last December.

*— Norma Gavin Pappas*

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# The Pennsylvania Index of Leading Indicators: Development and Performance

*by Nelson J. Lacey*

To expand the analytical tools for assessing economic activity in the state, the Center for Research has developed a Pennsylvania Index of Leading Indicators (PILI). The basic idea behind such indicators is to combine individual measures which historically have risen before a recovery and have declined before a recession into a single measure of economic performance. Individual indicators, being more volatile, inherently contain the likelihood of underestimating or overestimating the future course of business activity. For example, it is possible for one indicator to show a sizable upturn or downturn while the others are showing mixed signals. Indexes fluctuate to a smaller degree because same period variability in the different components tend to balance out. The leading index for a particular month would show the net change or the overriding directional signal for that month.

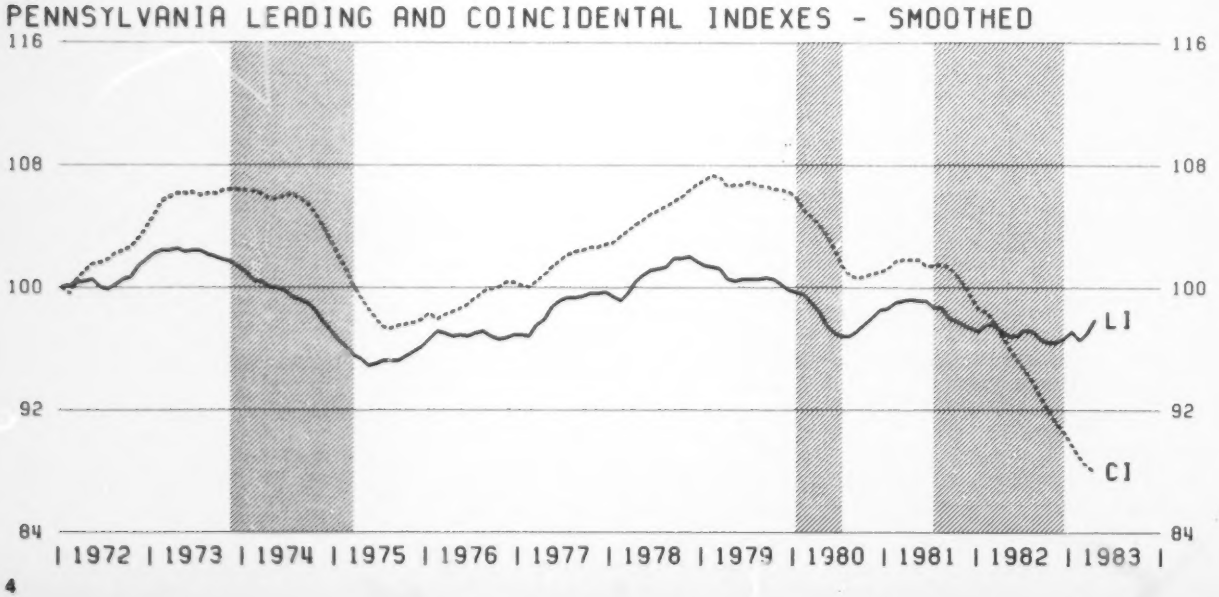
## Methodology

The methodolory of leading indicator forecasting was developed at the National Bureau of Economic Research (NBER). PILI closely follows the NBER methodology.[1] Briefly, it is calculated by computing monthly percentage changes for each series, standardizing these percentage changes to suppress the influence of highly volatile indicators, and then averaging all the individual standardized percentage changes into an index.

One major difference between PILI and the national index of leading indicators is that the former includes only three individual components as compared to 12 components in the latter. The selection of individual indicators is limited to those which have historically demonstrated the ability of leading the future course of business activity. Localized indexes are further restricted in three ways. First, certain nationwide indicators, such as the index of 500 common stocks and money balances (M1), simply do not apply on a state basis. Second, the data used for certain national leading indicators are not collected on a timely basis for the state. These include changes in total liquid assets, net changes in inventories, contracts and orders for plant and equipment, and new orders for consumer goods and materials. Third, some state indicators are products of surveys which have a smaller sample size for state estimates than the national estimates or which are smaller in scope compared to nationwide surveys. These surveys, while sufficient in a statistical sense, affect the reliability of the state indicators. The measure of net business formation used in the national leading index is an example.

For PILI, three individual components are included — new claims for the unemployment benefits, the average length of the factory workweek, and the value of awards for residential building construction contracts. Initial unemployment claims are representations of the marginal adjustment to employment. Workers are laid off when business demand drops, causing initial claims to rise. The reverse is true when demand picks up. Average weekly hours worked by production workers in manufacturing industries is considered a leading indicator because the uncertainty of the persistence of an expansion or a contraction results in firms adjusting to initial changes in demand by varying the number of hours worked by its

[1]For an excellent discussion on the NBER methodology, see Victor Zarnowitz and Charlotte Boshan, "Cyclical Indicators: An Evaluation and New Leading Indexes," *Handbook of Cyclical Indicators*, a supplement to *Business Conditions Digest*, (Washington, D.C.: U.S. Department of Commerce, Bureau of Economic Analysis, May 1977).



employees, which is a less costly alternative to laying off workers. The final indicator included in PILI, the value of residential contract construction awards, represents commitments to future construction. The number of awards will increase (decrease) before an increase (decrease) in construction activity. While this indicator has historically been a good signal of future economic activity, its major weakness lies in its volatility. For this reason, extreme values are isolated and replaced before PILI is calculated.

### The Pennsylvania Index of Coincidental Indicators

The performance of PILI can be assessed by its consistency in anticipating major turning points in the state's economy and by how far in advance it signals these turning points. To identify the turning points in current aggregate economic activity, the Center for Research developed an index of coincidental indicators for the state.

Three individual measures were combined in the Pennsylvania Index of Coincidental Indicators (PICI). The first component, total employment, represents changes in the number of people working for pay in a particular area and is a comprehensive and significant indicator of changes in the state's economic health. The second component is a measure of wage and salaried jobs in manufacturing. This indicator is sensitive to movements in the state's economy because consumers and businesses can time purchases of many manufacturing products in response to cash flow situations. The final component, real weekly earnings of manufacturing production workers, is a measure of purchasing power. Low earnings may delay purchases, which will then stabilize recovery. On the other hand, high earnings provide an impetus for spending, which keeps an expansion going. The only individual indicator omitted from PICI which is included in the national index of coincidental indexes is manufacturing and trade sales. This measure is not available for the state on a timely basis.

### Performance

Major turning points in the economy are defined as moments in time when a clear signal of an upturn or downturn has appeared. For the nation as a whole, the official declaration of the start or the end of a recession is done through the consensus opinion of economists who watch for key signs of a recovery or recession. The rule of thumb for such a declaration is a directional change in real GNP for at least two successive quarters. The decision rule used here for identifying major turning points in both PILI and PICI is a directional change for five or six straight months. This rule is long enough to allow signals to materialize but at the same time reduce the probability of false signals.

Whether PILI anticipates the major turning points in current aggregate economic activity can be easily determined by a graphical comparison of the leading and coincidental indexes. To reduce the volatility and increase the interpretability of the comparison, we have smoothed both indexes with a simple exponential smoothing scheme.

The graphical comparison displays an encouraging relationship between the indexes. The application of the turning point rule over the period from 1972 to the present shows three peak periods and two trough periods in both PILI and PICI. (See table.) PILI declines from peak values and rises from trough values in advance of the corresponding peaks and troughs in PICI at each major turn. The leading index has provided an early downturn warning by as much as 13 months while upturns were given much less warning. This shorter warning at the upturn is consistent with results from the national indexes. In the last 30 years, the national leading index has produced average lead times of about 11 months at peaks and three months at troughs.

| Turning Point | PILI | PICI | Number of Months PILI Anticipated Turns in PICI |
|---|---|---|---|
| Peak | June 1973 | July 1974 | 13 months |
| Trough | May 1975 | August 1975 | 3 months |
| Peak | November 1978 | September 1979 | 10 months |
| Trough | August 1980 | September 1980 | 1 month |
| Peak | April 1981 | August 1981 | 4 months |

Thus, a consistent pattern emerges. Each major turn in the leading index has been followed by a major turn in the coincidental index. In addition, during the period studied, the leading index has never given a false signal — i.e., indicated a major turn in current aggregate economic activity which never materialized.

So what do the indexes indicate for the current and near future periods? The leading index has demonstrated an erratic pattern in recent months. No discernable trend has developed although it did rise in both March and April. The coincidental index has declined steadily from mid-1981 to the present, but the downward slide appears to have slowed significantly.

In sum, the indexes are showing initial signs of a recovery. But three to four more months of data are needed before we will know whether these signs indicate a definite trend or just another erratic movement upwards. We will be watching the indexes closely over the next few months to see if these signs of recovery continue. ■

# Rebirth of an Era: Why America Will Regain Economic Supremacy

*The following article was excerpted from a presentation by Mr. Malcolm S. Forbes, Jr., President and Chief Operating Officer of Forbes, Inc., and Deputy Editor-in-Chief of* Forbes *magazine at the 1983 William Elliott Invitational Conference, April 27, 1983, sponsored by the Department of Insurance and Real Estate of the College of Business Administration, The Pennsylvania State University.*

There has not been a period since the 1930s or 1940s where there has been so much uncertainty about where we are and where we are going. My own feeling is that we are in one of those periods of transition that hits the country every 40 or 50 years, and that this transition will rival in political and economic importance the transition of FDR's New Deal in the early 1930s.

These periods are never very good to live through. They are full of uncertainty, anxiety, false starts, and deadends. All of our traditional guideposts suddenly become obsolete. It is only when the transition is over that the historian can look back and say with certainty what happened, when it happened, why it happened, who was affected, and how.

I believe we are nearing the end of this period of transition, which began a few years ago, and that the shocks of what we have been going through have blinded us to two trends beneath the surface. These trends are setting the stage for a period of productivity and prosperity that will rival that of any comparable period in the past.

The first trend is technological. The catalyst for the technological changes we have been experiencing is the microprocessor. The microprocessor is changing the way we use labor, capital, and materials. It is doing to manufacturing what manufacturing did to the farm industry 60 or 70 years ago. The tractor, herbicides, and hybrid seeds revolutionized agriculture in this country. Today 2.5 million farmers in this country produce three times as much food as 25 million farmers did 75 years ago. Agriculture did not decline even though the labor input in agriculture dropped dramatically and even though the way agriculture is done substantially changed. Agriculture is still the most efficient industry we have in this country, but it underwent an enormous change. Microprocessors are doing the same thing in the manufacturing area.

An example is what we see in our offices. All of those terminals that are popping up everywhere — not only in the offices but in the classrooms as well — are producing enormous change. We are seeing enormous productivity gains in the service sector where many experts thought productivity was impossible.

You see it in the factories as well with robotics, which are much more efficient and much cheaper than human labor. People regret the passing of the blue-collar worker on the assembly line, but it was only 10 or 12 years ago that our mass media was deploring the inhuman conditions of working on an assembly. Now we are beginning to see the glorification of the blue-collar manufacturing worker. We are making him a myth the way we did the old yeoman farmer of Jeffersonian times.

Despite the unemployment that we are creating temporarily now, these changes in the way we do things and the way we use things end up creating new industries, new professions, and millions of new jobs. The passing away of the old assembly line is not a sign of American decadence, it is a sign of innovation, creativity, and change that is necessary if we are to get better paying jobs.

Some people do not benefit from these changes. During the 1920s when the tractor came along, many casual farm laborers could no longer work on the farms; they had to go find jobs elsewhere. Most did, but a handful did not. The same thing is happening in Detroit and Pittsburgh. Some of these blue-collar workers will not be able to make the transition. But for society as a whole, it is going to be an enormous advance.

Seventy years ago, the automobile was an exciting, innovative industry on the cutting edge of progress and technology. But what did it do? It destroyed jobs for tens of thousands of blacksmiths, carriage makers, buggy whip manufacturers, horse breeders and trainers, and those who ran the thousands of livery stables we had around the country. The automobile had an enormous impact — it upset millions of lives, but it also created millions of new higher paying jobs. You had auto manufacturing, dealers, shippers, road builders, parts makers, and suppliers.

So even though manufacturing employment is going to drop down dramatically in the next two decades, manufacturing is not going to disappear. We still will be manufacturing just as we are producing food. But the way we manufacture is going to change.

The second, more immediate transition is in what you might call the economic environment. Contrary to what

some experts would tell you, we are not entering the economic equivalent of an ice age. We are coming out of an ice age.

A little before and during the inflationary 1970s, we had an environment where you made more money by putting assets into nonproductive things, like gold, silver, jewelry, raw land, and comic books, than you did by putting it in the stock market or the bond market or in your savings account. We had an environment where being unproductive you did better than trying to be productive. Then between late 1979 and early mid-1982, we went to the opposite extreme, where you did very well by clutching onto your cash. You did better by putting your money to work for 30 days than for 30 years. You got 15 or 16 percent just for holding your money on a day-to-day basis. In short, we had an environment where lazy money did better than working money. For the first time in a decade and a half, it appears that we are about to enter an environment where you get ahead by sheer hard work.

Why did we have this period of great inflation followed by skyrocketing interest rates and unemployment? Basically, it is because financial experts and economists were taught to see the economy as an engine that was not going to work unless it had fuel and that fuel had to come one way or the other from Uncle Sam. This way of looking at the economy came out of the economic holocaust of the 1930s. The Great Depression was seen by experts at the time as a failure of free enterprise. As a result of the depression, it was believed that you could not leave the economy to its own devices, that unless the government played a very heavy role in regulating the economy, it would simply fall by the wayside.

That was a gross misreading of the history of that period. What brought on the Great Depression was not the stock market crash. It was not a failure of laissez-faire free enterprise. It was that, in 1929, the U.S. and other industrial countries began a trade and currency war. The Smoot-Hawley tariff started a devastating trade war which led to currency wars and to very destructive beggar-thy-neighbor policies. These policies turned an imperceptible American recession into a deep, protracted global depression.

After World War II, our policymakers realized the lessons from the purgatory of the 1930s. They realized that you needed a stable money system. They put in something called the Bretton Woods International Monetary System. Basically, currencies were tied to the dollar, and the dollar was tied to gold at a fixed price. We had it from the late 1940s up until the late 1960s. It worked very well. We had great growth without inflation — something economists today think is impossible.

At the same time, they realized the destructiveness of beggar-thy-neighbor trade policies. So they liberalized trade through things, such as the General Agreement on Tariffs and Trade. They also realized that you need security. So the U.S. assumed its military and political obligations around the world.

Then near the end of the 1960s, the people who were taught that government has to have a heavy hand one way or the other in the economy reached policymaking positions — not only in this country but in western Europe and in many other countries around the world. We began to lose sight of what made possible the great boom of the 1950s and 1960s. In 1968, we gratuitously short-circuited the Bretton Woods system. In its place, we tried Keynesianism, wage and price controls, and, in the last two and a half years, Milton Friedman's monetarism. Nothing that we have tried since worked as well.

Before 1968, it took two dollars of total debt — business, government, and individual debt — to generate one dollar of real growth in this country. Since 1968, it has taken 10 dollars of debt to generate one dollar of real growth. In the past four years, the net indebtedness of this economy has gone up one and a half trillion dollars, and we have had no growth to show for that enormous increase in debt.

So what is the government's role? The true role of government is to create an environment that encourages people to produce more, to save more, and to innovate more. Nothing more, nothing less. Innovation does not take place in a vacuum. You must have conditions conducive to creativity, risk taking, and capital formation.

Sensible monetary policy is number one. The basic problem with the economy today is that our Federal Reserve does not know whether it is printing too much money, too little money, or just the right amount. They are without a compass. It would be as if you tried to pilot a ship without a compass or fly and land a plane in fog without instruments. You are going to get in trouble. We have gotten in trouble.

The solution is to go back to a gold-based Bretton Woods system. Without a Bretton Woods type of gold-based system, you never get sensible interest rates. You never get the kind of economic growth that we have had in periods of the past.

Number two is a tax code that does not punish success. Income taxes are a price for working. If they are too high, they discourage productive work. That is what happened in the late 1970s, and we have been paying a price for it. The more you cut income tax rates, the better the economy will do and the more revenues the government will get. Reagan made a stab at it in 1981, but he did not go far enough.

So we need a sensible monetary policy and a sensible incentive-oriented tax code. We also need regulation that does not punish business but actually does what it is supposed to do, and that is sensibly regulate, and we need a budget that can come into balance without raising taxes.

If you look at the changes that are taking place, at the extraordinary ferment in our laboratories and garages in terms of technology and innovation, it is not too outlandish to suggest that, if we straighten ourselves out on monetary policy, the rest of this decade and the 1990s could be one of our most fruitful and productive periods. I believe that six to eight years down the road when you go into the bookstore, instead of seeing books about Theory Z or the wonders of Japanese management, you will once again see books written about something we have not heard about in a long time, and that is Yankee ingenuity. When all is said and done, the American economy will confound the critics and the skeptics and take its place once again as the leader and the inspiration of the civilized world. ■

# Pennsylvania Trails Nation in Income Growth

Total personal income in Pennsylvania grew 10.3 percent in 1981 to over $1.9 million. However, it grew considerably slower than the 11.7 percent average for the nation. Furthermore, the growth in personal income was approximately the same in the state's nonmetropolitan counties as in its metropolitan counties. This is in contrast to the higher growth in nonmetropolitan areas compared to metropolitan areas in the nation as a whole.

Personal income is a measure of the dollars available to private individuals and families in a year. Total personal income includes transfer payments; dividends, interest, and rents; and labor and proprietors income net of contributions for social insurance.

Every SMSA in Pennsylvania had a slower growth rate in total personal income than the average of all SMSA's in the nation. But only Johnstown had a growth rate below the 8.5 percent national increase in consumer prices, measured by the implicit price deflator for personal consumption expenditures. Johnstown's 7.5 percent rate of growth in personal income represents a significant decline in real income.

Because of a 0.2 percent decline in the state's population in 1981 compared to a 0.9 percent increase nationally, Pennsylvania's per capita personal income remained at 99 percent of the national level that year. Furthermore, the same five metropolitan areas had per capita income greater than the national average in 1981 as in 1980. These were Allentown-Bethlehem-Easton, Harrisburg, Philadelphia, Pittsburgh, and Reading. All of the other metropolitan areas in the state had per capita incomes lower than the national average. No area's per capita income as a percentage of the national average changed more than two percentage points between 1980 and 1981.

In a ranking of per capita personal incomes among the nation's 305 SMSA's, the highest ranked SMSA in Pennsylvania was Pittsburgh. With a per capita income of $11,304 in 1981, Pittsburgh ranked 57th among the nation's SMSA's — one place above the position it held in 1980. The lowest ranked SMSA in the state was State College. This area's per capita income of $7,765 ranked it 289th — eight places below its 1980 ranking. In all, six SMSA's in the state climbed in the rankings while six others fell, and two areas remained at their 1980 rank. However, the average rise was five places while the average drop was 10 places. — *Norma Gavin Pappas*

**Total and Per Capita Personal Income by SMSA, 1980-81**

| | Total Personal Income | | | Per Capita Income | | | |
|---|---|---|---|---|---|---|---|
| | Millions of Dollars | | Percent Change | Dollars | | Percent of National Average | Rank in SMSA's |
| | 1980 | 1981 | 1980-81 | 1980 | 1981 | 1981 | 1981 |
| **United States** | 2,154,049 | 2,406,545 | 11.7 | 9,483 | 10,495 | 100 | — |
| Sum of SMSA counties | 1,731,835 | 1,932,024 | 11.6 | 10,129 | 11,188 | 107 | — |
| Sum of non-SMSA counties | 422,214 | 474,521 | 12.4 | 7,516 | 8,382 | 80 | — |
| **Pennsylvania** | 111,594 | 123,057 | 10.3 | 9,384 | 10,370 | 99 | — |
| Sum of SMSA counties | 95,032 | 104,807 | 10.3 | 9,768 | 10,769 | 103 | — |
| Sum of non-SMSA counties | 16,562 | 18,250 | 10.2 | 7,700 | 8,534 | 81 | — |
| Allentown-Bethlehem-Easton | 6,269 | 6,878 | 9.7 | 9,821 | 10,767 | 103 | 85 |
| Altoona | 1,024 | 1,115 | 8.9 | 7,495 | 8,243 | 79 | 268 |
| Erie | 2,440 | 2,662 | 9.1 | 8,705 | 9,485 | 90 | 195 |
| Harrisburg | 4,383 | 4,861 | 10.9 | 9,783 | 10,734 | 102 | 90 |
| Johnstown | 2,124 | 2,283 | 7.5 | 8,041 | 8,689 | 83 | 248 |
| Lancaster | 3,393 | 3,768 | 11.1 | 9,324 | 10,324 | 98 | 119 |
| Northeast PA | 5,262 | 5,779 | 9.8 | 8,212 | 9,053 | 86 | 225 |
| Philadelphia | 47,833 | 52,926 | 10.6 | 10,132 | 11,158 | 106 | 64 |
| Pittsburgh | 23,121 | 25,459 | 10.1 | 10,218 | 11,304 | 108 | 57 |
| Reading | 3,084 | 3,426 | 11.1 | 9,843 | 10,856 | 103 | 82 |
| Sharon | 1,101 | 1,226 | 11.4 | 8,559 | 9,609 | 92 | 187 |
| State College | 807 | 888 | 10.0 | 7,133 | 7,765 | 74 | 289 |
| Williamsport | 954 | 1,046 | 9.7 | 8,045 | 8,949 | 85 | 235 |
| York | 3,420 | 3,780 | 10.5 | 8,930 | 9,790 | 93 | 167 |

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, April 1983.

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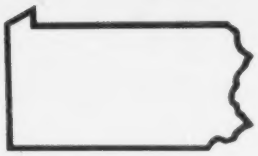


# More Signs of Recovery in May

There is little doubt that a full-fledged economic recovery is in progress in the nation and that it compares favorably with the initial stages of previous cyclical rebounds. National economic indicators show economic activity gaining momentum, month by month, since the beginning of the year. A second month of generally improving economic conditions suggests that this recovery has caught on in Pennsylvania.

The Commerce Department's recently released flash estimate of a robust 6.6 percent increase in real gross national product—the value of the nation's goods and services adjusted for inflation—was only one in a series of indicators released last month that show a considerably stronger recovery than had been predicted. Figures for May show strong gains in retail sales, industrial production, and personal income growth for the nation. At the same time, national unemployment levels edged down while nonfarm-payroll employment rose sharply.

May's indicators for the state suggest the Pennsylvania economy has also been rebounding in recent months. The Center's Pennsylvania Index of Leading Indicators rose for the fifth time in six months. (See June's issue for a discussion of the development of this index.) Five increases in a six-month period in this measure have successfully predicted recoveries from earlier recessions with a lead of one to three months. The companion index of coincidental indicators rose in May for the first time in 20 months.

Among the state's individual indicators, total employment was the most encouraging. The strong 2.7 percent increase in the seasonally adjusted level of total employment in May followed April's small 0.6 percent increase.

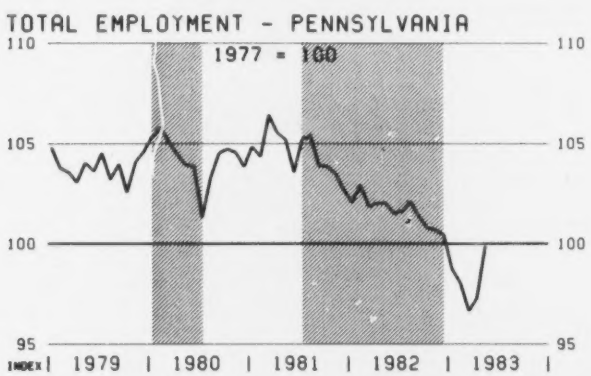
The rise in employment was accompanied by a sharp decline in unemployment. The seasonally adjusted unemployment rate for the state stood at 12.6 percent of the civilian labor force—one whole percentage point below January's high of 13.6 percent.

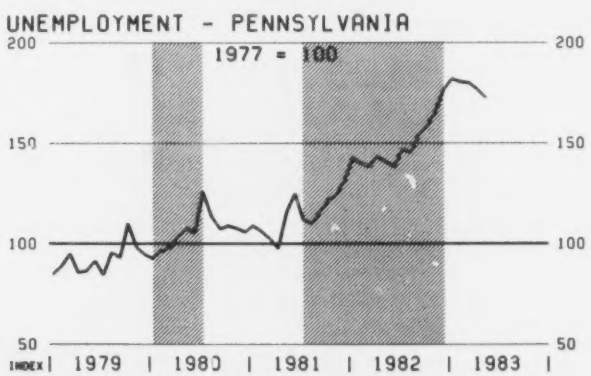
Furthermore, new claims for unemployment compensation were at their lowest level since October 1981. May's 4.6 percent decline in the seasonally adjusted number of initial claims followed declines of 5.5 percent in April and 1.9 percent in March. The seasonally adjusted level has fallen 22.6 percent from the all-time high registered in October.

The improved employment conditions were widespread. All major nonagricultural industry groups in the state, except construction, experienced more than seasonal increases in total payroll employment. An unseasonal decline in the job level took place in the state's construction industry.

Despite the pervading improvements, most of the job gains in the state were modest, reflecting employers' continued caution. Nevertheless, strong national sales figures for the months of April and May should boost business confidence and subsequently lead to more hiring in the coming months.

May's 0.8 percent increase in the seasonally adjusted level of jobs in the state's manufacturing sector is not enough to declare a turnaround in this industry group. That month's increase was only the second since August 1981; the seasonally adjusted factory job level had increased 0.1





# PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **July 1983**

percent in February. But a definite leveling off has occurred in these industries, which appear to be bouncing along the bottom of the trough waiting for a marked increase in orders.

The slightly higher employment levels in the state's factories, together with continued relatively long workweeks, helped bring about the third consecutive monthly increase in factory payrolls and total person-hours worked by production workers. These seasonally adjusted indicators rose 1.5 percent and 1.1 percent, respectively, in May from a month earlier.

The average length of the factory workweek was unchanged after seasonal adjustment in May. But it had leaped 1.8 hours in March and rose another 0.4 hours in April. Hours worked per week in May were still more than in any month since August 1981.

The increase in the state's nonmanufacturing job level was even less strong in May. However, as can be seen in the graphs, the recession had a differential effect on the various industry groups within this sector. It has had disastrous effects on employment levels in the mining and transportation industries, both of which are closely linked to the fortunes of the state's steel mills, and in the construction industry. But while the former two industry groups have begun to pull out of the recession's mire, the construction industry was still losing jobs in May. On the other end of the scale, is the services industry, which the recession left virtually untouched. The job level in this industry group reached another new high in May and accounted for 23.8 percent of all nonfarm industry jobs that month, up from 21.3 percent in July 1981 at the start of the recession.

Pennsylvania's nascent recovery is taking on quite a different look from the nation's. The building boom, that, according to the Commerce Department's update of its "1983 U.S. Industrial Outlook," is leading the nation's economic recovery, is not evident in the state. In May, employment in the construction industry was at its lowest level in almost 20 years while the value of contract construction awards for the first five months of this year was

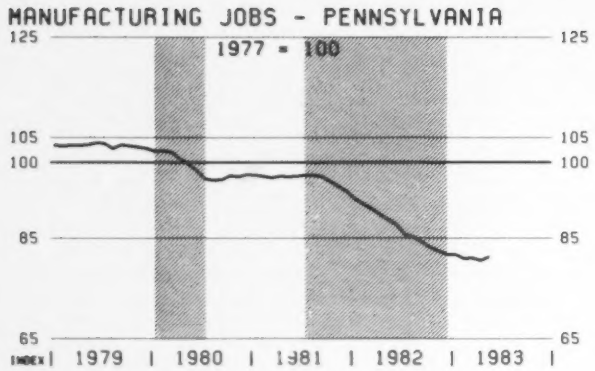
| **Economic Activity in Pennsylvania** | 1983 Apr. | 1983 May | 1982 May | Seasonally Adjusted Indexes (1977 = 100.) 1983 Apr. | 1983 May | 1982 May |
|---|---|---|---|---|---|---|
| **Pennsylvania Industries** | | | | | | |
| All nonagricultural industries | | | | | | |
| No. of wage and salaried jobs (thous.) | 4,444* | 4,486 | 4,642 | 97.1* | 97.4 | 100.8 |
| Nonmanufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 3,357* | 3,388 | 3,445 | 104.0 | 104.1 | 105.8 |
| Manufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 1,082* | 1,092 | 1,191 | 80.5* | 81.2 | 88.6 |
| Ave. wkly. hrs. worked by prod. workers | 39.0 | 39.1 | 38.2 | 99.4 | 99.4 | 97.2 |
| Total wkly. person-hours worked (mils.) | 28.5* | 28.9 | 31.2 | 74.8* | 75.6 | 81.5 |
| Total wkly. payroll (mil. dols.) | 251.3* | 255.7 | 267.2 | 112.7* | 114.5 | 119.6 |
| Steel production (thous. tons) | 1,249 | 1,238 | 934 | 55 | 55 | 42 |
| Industrial electric power sales (mil. kwh) | 3,276 | 3,274 | 3,197 | 89 | 92 | 90 |
| Mining | | | | | | |
| Anthracite coal (thous. net tons) | 381 | 341 | 329 | 79 | 72 | 69 |
| Bituminous coal (thous. net tons) | 4,953 | n.a. | 6,416# | 75 | n.a. | 94# |
| Construction contracts awarded (mil. dols.) | | | | | | |
| Total | 404.7 | 391.8 | 294.2* | 127 | 98 | 74* |
| Residential building | 200.7 | 206.6 | 110.8* | 137 | 118 | 65* |
| Other building | 140.3 | 87.5 | 81.3* | 146 | 77 | 76* |
| Nonbuilding (utilities and public works) | 63.6 | 97.7 | 102.1* | 78 | 89 | 90* |
| **Employment of Pennsylvania Residents** | | | | | | |
| Employed, no. of persons (thous.) | 4,636 | 4,769 | 4,874 | 97.3 | 99.9 | 102.0 |
| Unemployed | | | | | | |
| No. of persons (thous.) | 691 | 659 | 529 | 177.0 | 172.8 | 140.8 |
| Rate (percentage of labor force) | 13.0 | 12.1 | 9.8 | — | — | — |
| Rate, seasonally adjusted | 13.2 | 12.6 | 10.3 | — | — | — |
| Civilian labor force, no. of persons (thous.) | 5,327 | 5,428 | 5,402 | 103.4 | 104.8 | 105.0 |
| Initial claims for unemployment benefits | 162,547 | 143,278 | 156,708 | 123.0 | 117.3 | 135.7 |

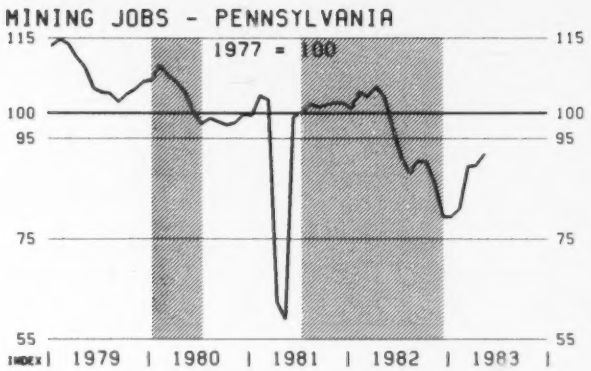
| **Consumer Prices, all items** | Urban Indexes (1967 = 100) 1983 Apr. | 1983 May | 1982 May | Percentage Change Month Ago | Year Ago |
|---|---|---|---|---|---|
| U.S. city average | 295.5 | 297.1 | 287.1 | +0.5 | +3.5 |
| Philadelphia | 283.5 | 284.3 | 275.1 | +0.3 | +3.3 |
| Pittsburgh | 302.5 | n.a. | 275.3# | n.a. | +9.9 |
| Northeast PA | n.a. | 281.7 | 270.2 | n.a. | +4.3 |

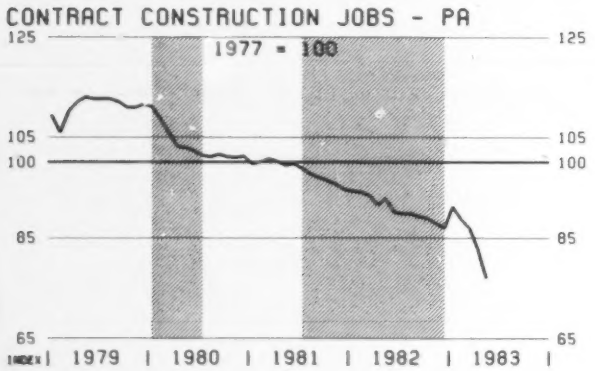
Notes: Data on employment have been revised to first quarter 1982 benchmarks.

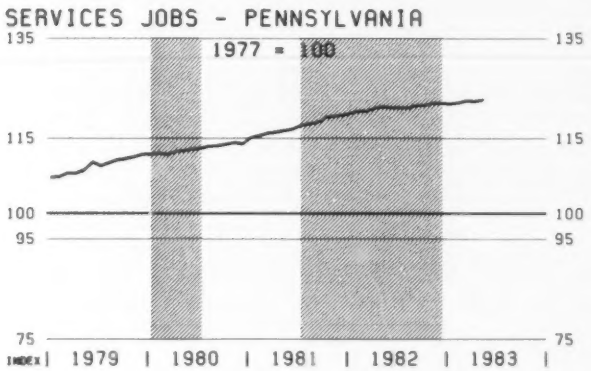
* = figure revised # = figure for April 1982 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST




almost 17 percent behind the depressed level of the 1982 period. In contrast, nationwide construction employment has been increasing more than the usual seasonal amount in recent months while the total value of new construction contracts for the first five months of this year was 21 percent ahead of the 1982 level.

The only bright spot in the state's construction figures was in the value of residential building awards. Despite falling back somewhat in May from April's high, the value of these awards in the first five months of the year was almost 43 percent ahead of last year's five-month total. Nonresidential building awards in the first five months of the year were 27 percent below the year-earlier figure while nonbuilding awards were only half of the 1982 level.

In the same Commerce Department report, the outlook for the steel industry was revised downward. Although the steel-industry recovery was said to be underway, it has not been as rapid as expected.

Steel production in the state leveled off in May, as predicted, after having almost doubled in the first four months of the year. Total U.S. production rose another 1.7 percent in May after seasonal adjustment, bringing the total increase from the industry's low in December to 54 percent. As a result, the state's share of national steel production fell back to 16.7 percent in May from April's 17.1 percent.

Demand for the state's steel mill products—largely heavy steel for plants and equipment—remains flat. New orders for nondefense capital goods, considered a barometer of future plant and equipment spending, declined 3.6 percent in May, after rising 12.8 percent in April. Most of April's increase reflected orders for equipment, such as computers and robots, with little steel content. The short-run outlook for business-construction spending remains weak. Businesses are constrained by still high interest rates, low use of current production capacity, surplus office space, and uncertainty about the effect of high federal budget deficits.

Finally, sales of electricity to industrial users were also unchanged from a month earlier. The usual seasonal decline in the use of electricity did not occur. Therefore, the seasonally adjusted index for this measure rose for the fifth consecutive month. In May, it stood at its highest level since April 1982.

*—Norma I. Gavin*

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# Jobless Rates Continue to Vary

## *All Groups Worse Off in the First Quarter*

While the seasonally adjusted unemployment rate dropped slightly for the nation as a whole in the first quarter of the year, the state's rate continued to climb, giving credence to the prediction that Pennsylvania would trail the nation in recovery from the recession. The seasonally adjusted jobless rate for the state stood at 13.4 percent in the first quarter, well above the 10.3 percent for the nation.

Differential rates of unemployment were evident not only between Pennsylvania and the nation but also among different population groups within the state. The discrepancy between the male and female unemployment rates continued to widen in both the state and the nation. The rate for Pennsylvania males jumped to 17.5 percent of the male labor force from 13.2 percent in the quarter earlier while the rate for females fell slightly to 9.7 percent from 9.9 percent. National unemployment rates for both males and females rose last quarter, but the rate for males rose more than the rate for females. Thus, the reversal in the traditional trend for female rates to exceed those of males continued into the new year.

At the same time, total employment levels in both the state and the nation fell from a quarter earlier for all population groups, except Pennsylvania teenagers. However, the percentage declines in the state's employment levels were three times those for the nation as a whole.

Labor participation was also down for all population groups, except blacks, in the first quarter. The largest decrease was seen among teenagers. This may reflect a higher number of youths reluctant to enter the labor force because of the fewer opportunities caused by the recession.

Youth labor force participation is expected to remain below year-earlier figures this summer. During the summer, the teenage labor force typically increases sharply as students vie for temporary summer work and as high school graduates take or look for regular, permanent jobs.

*—Norma I. Gavin*

**Employment Data by Sex, Race, and Age — Pennsylvania and the United States**

| | Number Employed | Percentage Change in Employment | | Unemployment Rates | | | Labor Force Participation Rates | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1983 I (in thousands) | Over Quarter | Over Year | 1983 I | 1982 IV | 1982 I | 1983 I | 1982 IV | 1982 I |
| **Pennsylvania** | | | | | | | | | |
| Total, seasonally adjusted | 4,681 | -3.5 | -4.3 | 13.4 | 12.2 | 10.5 | 59.1 | 60.3 | 59.9 |
| Total, unadjusted | 4,595 | -6.0 | -4.6 | 14.3 | 11.8 | 11.1 | 58.6 | 60.5 | 59.4 |
| Male | 2,596 | -6.8 | -4.9 | 17.5 | 13.2 | 13.1 | 72.8 | 73.4 | 73.5 |
| Female | 1,999 | -4.9 | -4.3 | 9.7 | 9.9 | 8.5 | 45.9 | 48.7 | 47.0 |
| White | 4,220 | -6.3 | -5.2 | 13.0 | 10.9 | 9.8 | 58.7 | 61.0 | 59.9 |
| Black | 335 | -6.9 | -2.8 | 28.1 | 21.3 | 26.2 | 56.8 | 55.7 | 53.7 |
| 16-19 years old | 330 | 15.8 | -17.9 | 24.4 | 24.8 | 25.6 | 43.4 | 48.7 | 48.3 |
| **United States** | | | | | | | | | |
| Total, seasonally adjusted | 9,090 | -0.0 | -0.0 | 10.3 | 10.7 | 8.8 | 63.7 | 64.1 | 63.6 |
| Total, unadjusted | 7,507 | -1.9 | -1.9 | 11.2 | 10.3 | 9.5 | 63.3 | 64.0 | 63.6 |
| Male | 4,512 | -2.2 | -2.2 | 12.1 | 10.6 | 10.0 | 75.4 | 76.1 | 75.8 |
| Female | 2,995 | -1.4 | -1.4 | 10.0 | 9.8 | 8.8 | 52.3 | 53.1 | 51.8 |
| White | 5,921 | -2.0 | -2.0 | 10.0 | 9.1 | 8.5 | 63.6 | 64.3 | 63.6 |
| Black | 9,050 | -1.4 | -1.4 | 20.6 | 19.9 | 17.8 | 60.6 | 61.2 | 59.9 |
| 16-19 years old | 5,617 | -8.0 | -8.0 | 24.6 | 24.1 | 23.5 | 45.1 | 51.6 | 49.4 |

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor.

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

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# State's Recovery Slows in June

Most economic indicators for the state in June were disappointing after their strong showing in May. June's figures show an economy making slow progress from the worst recession in the post-World War II era.

Nevertheless, stronger gains are expected for the remaining months of the summer. The Center's Pennsylvania Index of Leading Indicators rose a substantial 1.3 percent in June. Improvements in all three components of the index contributed to the rise. These are new claims for unemployment compensation, average weekly hours worked by production workers in the state's manufacturing industries, and the value of residential construction contracts awarded. June's rise was the fourth consecutive rise and the sixth in seven months.

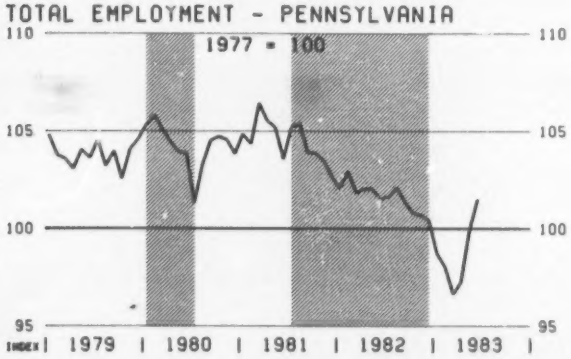
The index of coincidental indicators also rose in June. The 0.5 percent rise was the second in as many months and came from increases in total employment of residents and real weekly earnings in the state's factories. The third component, the factory job level, fell slightly after seasonal adjustment.

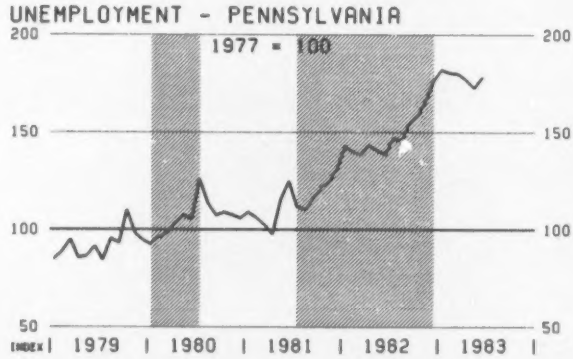
Despite the rise in the leading and coincidental indexes in June, not much of the "vigor" of the national economic recovery, which is coming about at a faster pace than predicted but at the average rate for postwar recoveries, was evident in the state. Little progress was made in job levels in the state's nonfarm industries and in industrial production, as reflected in industrial electric power sales, while job levels and industrial output both increased significantly in the nation.

Seasonally adjusted job levels in Pennsylvania's nonfarm industries were essentially unchanged from a month earlier. The number of wage and salaried jobs has been cut back 6.6 percent since July 1981 at the beginning of the long recession. That is more than double the contraction in job levels for the nation as a whole. Furthermore, since December, the nation's nonfarm industries have expanded their work force by a seasonally adjusted 1.1 million workers, or 39 percent of the number laid off during the recession. In contrast, the work force in Pennsylvania's nonfarm industries in June was 0.4 percent lower than it was in December.

Industrial electric power sales, which reflect short-run changes in industrial output, show that the state's industries did not lose any further ground in June, but that they also did not make any sizable gains; the seasonally adjusted index for this measure was little changed from a month earlier. Nevertheless, it was at its highest level in 14 months.

Differences in the rates of recovery between the state and the nation were clearly evident in the construction industry. The seasonally adjusted number of contract construction jobs in the nation continued to fall through the first quarter of the year but rose in each month of the second quarter. At the end of the quarter, it was slightly higher than it was a year earlier. In Pennsylvania, on the other hand, June was the first

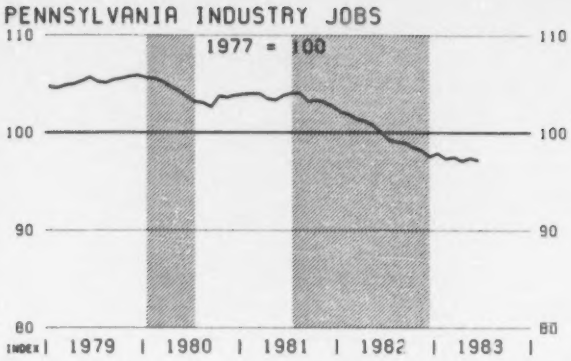




# PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **August 1983**




month in which contract construction jobs increased more than the usual seasonal amount. Furthermore, the job level in these industries was still more than 10 percent short of its year-earlier figure.

And although the seasonally adjusted index for the value of construction contracts awarded in the state shows significant improvement from a month earlier, the year-to-date value of total awards for the first half of the year shows the state trailing the value of a year earlier by 11 percent while the nation is 24 percent ahead of its year-earlier level of awards.

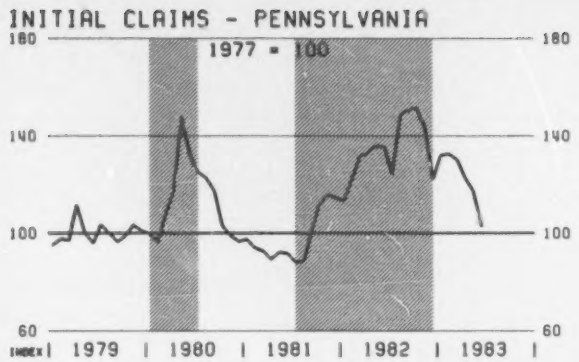
Virtually all the rise in the nation's value of construction awards came from residential building contracts, which were 68 percent higher than the value in the first half of last year. In Pennsylvania, the value of these contracts was a sizable 48 percent ahead of the year-earlier value. The state's decline in the total value of construction awards came from nonresidential building and nonbuilding awards, which were 25 percent and 45 percent, respectively, below the year-earlier values. After accounting for inflation, these shortfalls are even greater.

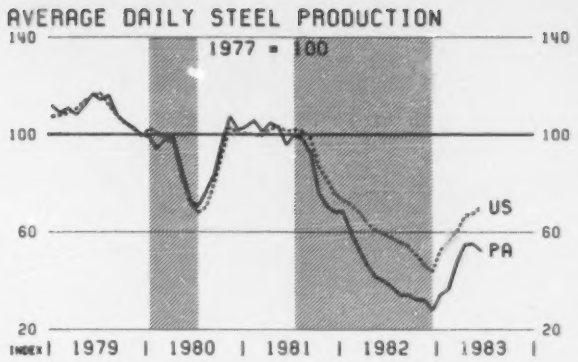
Another striking example of the sluggish recovery in

| **Economic Activity in Pennsylvania** | 1983 *May* | 1983 *June* | 1982 *June* | Seasonally Adjusted Indexes (1977 = 100) 1983 *May* | 1983 *June* | 1982 *June* |
|---|---|---|---|---|---|---|
| **Pennsylvania Industries** | | | | | | |
| All nonagricultural industries | | | | | | |
| No. of wage and salaried jobs (thous.) | 4,489.* | 4,505. | 4,636. | 97.4 | 97.2 | 100.1 |
| Nonmanufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 3,390.* | 3,400. | 3,440. | 104.1 | 104.0 | 105.2 |
| Manufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 1,092.* | 1,098. | 1,191. | 81.3* | 80.7 | 87.6 |
| Ave. wkly. hrs. worked by prod. workers | 39.2* | 39.5 | 38.5 | 99.6 | 99.9 | 97.4 |
| Total wkly. person-hours worked (mils.) | 29.0* | 29.6 | 31.4 | 75.9* | 76.2 | 80.9 |
| Total wkly. payroll (mil. dols.) | 257.0* | 262.8 | 268.9 | 115.1* | 116.3 | 119.0 |
| Steel production (thous. tons) | 1,238. | 1,107. | 842. | 55. | 52. | 40. |
| Industrial electric power sales (mil. kwh) | 3,274. | 3,440. | 3,346. | 92. | 92. | 90. |
| Mining | | | | | | |
| Anthracite coal (thous. net tons) | 341. | 410. | 319. | 72. | 83. | 65. |
| Bituminous coal (thous. net tons) | 5,020. | 5537. | 6,192. | 73. | 78. | 86. |
| Construction contracts awarded (mil. dols.) | | | | | | |
| Total | 391.8 | 522.7 | 469.3* | 98. | 134. | 116.* |
| Residential building | 206.6 | 270.9 | 165.5* | 118. | 167. | 106.* |
| Other building | 87.5 | 159.0 | 191.8* | 77. | 121. | 140.* |
| Nonbuilding (utilities and public works) | 97.7 | 92.8 | 112.0* | 89. | 89. | 102.* |
| **Employment of Pennsylvania Residents** | | | | | | |
| Employed, no. of persons (thous.) | 4,769. | 4,886. | 4,888. | 99.9 | 101.5 | 101.5 |
| Unemployed | | | | | | |
| No. of persons (thous.) | 659. | 721. | 563. | 172.8 | 178.4 | 138.6 |
| Rate (percentage of labor force) | 12.1 | 12.9 | 10.3 | | | |
| Rate, seasonally adjusted | 12.6 | 12.6 | 10.1 | | | |
| Civilian labor force, no. of persons (thous.) | 5,428. | 5,607. | 5,451. | 104.8 | 107.4 | 104.4 |
| Initial claims for unemployment benefits | 143,278. | 147,314. | 196,892. | 117.3 | 102.8 | 135.7 |

| Consumer Prices, all items | Urban Indexes (1967 = 100) 1983 *May* | 1983 *June* | 1982 *June* | Percentage Change *Month Ago* | *Year Ago* |
|---|---|---|---|---|---|
| U.S. city average | 297.1 | 298.1 | 290.6 | 0.3 | 2.6 |
| Philadelphia | 284.3 | 286.1 | 279.7 | 0.6 | 2.3 |
| Pittsburgh | n.a. | 305.4 | 285.1 | n.a. | 7.1 |
| Northeast PA | 281.7 | n.a. | 270.2† | n.a. | 4.3 |

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.
* = figure revised † = figure for May 1982 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.




the state compared to the nation can be seen in the manufacturing sector. The seasonally adjusted job level in the nation's factories grew 2 percent in the first half of this year while the level was another 1.2 percent lower in the state. A total of 17.4 percent of wage and salaried jobs in the state's manufacturing industries was lost during the recession compared to 10.6 percent of the nation's. Thus, the manufacturing sector in the state has lost a greater percentage of factory jobs than the nation as a whole and has yet to embark on a firm recovery as it has in many other parts of the country.

However, not all the news on the state's economy was disappointing in June. Average weekly hours worked by production workers in Pennsylvania factories, a leading indicator of industrial activity, rose another 0.3 hours. June's increase was the fourth consecutive monthly rise in this measure and was bolstered by durable and nondurable goods industries alike. The continued lengthening of the factory workweek is a good sign because, although some further improvement could be made in hours of work, to increase production, producers will soon have to call back laid-off workers.

In addition, significant headway was seen for the third consecutive month in the state's resident employment data. The seasonally adjusted index for total employment rose to its highest level in 10 months. But total employment in the nation was even stronger in June; on a seasonally adjusted basis, it exceeded the year-earlier figure by 1.1 percent.

Furthermore, the seasonally adjusted unemployment rate for the civilian population of the state remained at 12.6 percent in June. This rate was unchanged because of the growth in the labor force, caused by an influx of students seeking summer jobs. Many of these students could not find employment and therefore joined the ranks of the unemployed. The unemployment rate for the nation declined another 0.1 of a percentage point to 10.0 percent.

The employment situation should continue to improve in the coming months. The seasonally adjusted level of new claims for unemployment benefits in the state, a bellwether of future changes in employment levels, fell 12 percent in June from a month earlier to its lowest level since September 1981. June's decline was the fourth consecutive monthly drop in this measure.

The state's steel production sagged a bit in June. After five consecutive months of increase, the seasonally adjusted average daily level of steel produced in Pennsylvania fell more than 5 percent, but it remained at almost double the level of late last year. At the same time, the seasonally adjusted level of steel produced in the whole U.S. continued to climb in June, bringing the percentage produced in Pennsylvania down to 15.8 percent from 16.7 percent a month earlier.

However, employment in the state's primary metals industries rose by another 1,500 workers in June; there were 7,500 more persons employed in this industry group in June than in February, when a low of 114,500 workers was registered. Most encouraging though was the length of the average workweek in these industries; it has been longer only once in the last 3 years — that was in April 1981 when it was 40.1 hours compared to June's 39.9 hours.

The service-producing sector provided little luster to the economy in June. Job levels increased more than the usual seasonal amounts in only retail trade and the finance, insurance, and real estate industry group; they increased just the seasonally expected amounts in public utilities, the general services industry group, and the federal government; and the job level in wholesale trade increased less than the usual seasonal amount. Finally, employment in transportation industries and state and local government declined more than seasonally expected.

*— Norma I. Gavin*

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# Around the State

## Southeastern Quarter

### Harrisburg

The Harrisburg area is experiencing one of the most marked recoveries from the recession among the state's metropolitan areas.

The seasonally adjusted level of total employment rose 2.7 percent last quarter. The level in June had been exceeded only in March and April of 1981 before the most recent recession.

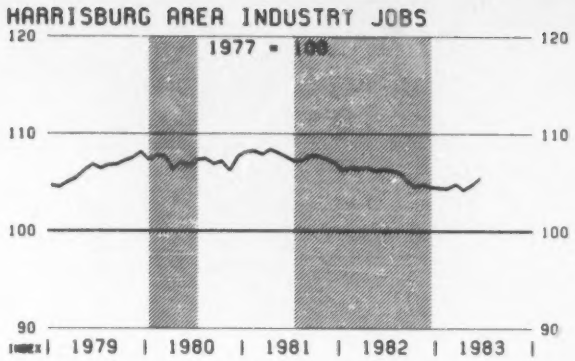
The unemployment rate in the area dropped from 8 percent to 7.2 percent of the labor force last quarter. This is the second lowest rate among the state's metropolitan areas.

In addition, the Harrisburg area was only one of two metropolitan areas in which the seasonally adjusted nonfarm industry job level rose from a quarter earlier. The factory job level rose 1.3 percent after seasonal adjustment while the job level in the area's nonmanufacturing industries increased only the usual seasonal amount.

The average length of the factory workweek rose a strong 1.5 hours last quarter to its highest level in over a year. Nevertheless, at a seasonally adjusted 39.3 hours it remained more than an hour below pre-recession levels.

Seasonally adjusted sales of electricity to industrial users in the Harrisburg area jumped 36.5 percent ahead of first quarter's level of sales. However, they also remained substantially below pre-recession levels.

The area had the greatest increase in the value of commercial building contracts awarded in the first half of the year over the value awarded in the same period a year ago among the state's metropolitan areas. This year's value was more than double that of last year. In addition, the value of residential building contracts awarded so far this year in the area were ahead of last year's six-month total by almost 40 percent.




### Lancaster

The Lancaster area economy began to expand last quarter. It more than absorbed the 0.7 percent increase in the civilian labor force with a 2 percent increase in the seasonally adjusted level of total employment. As a result, the seasonally adjusted unemployment rate dropped from a record high of 8 percent in the first quarter to 6.9 percent last quarter — the lowest rate among the state's major metropolitan areas.

Job levels increased in both the manufacturing and nonmanufacturing sectors of the economy, but the increases were less than expected for the April-June quarter. The seasonally adjusted job level for all area nonfarm industries remains 5 percent below the 1979 average.

The average length of the factory workweek increased by one hour last quarter to a seasonally adjusted 39.1 hours. However, it also remained below the average for 1979.

The most encouraging indicator of economic activity in the Lancaster metropolitan area was sales of

**Harrisburg Area[1]**

| | Ave. mo. value | Average monthly index seas. adj. (1977 = 100) | | |
|---|---|---|---|---|
| | 2 Q.'83 | 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 217.1 | 108. | 106. | 109. |
| Unemployed, no. of residents | 16.0 | 137. | 152. | 120. |
| Civilian labor force, no. of residents | 233.2 | 110. | 108. | 110. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 219.8 | 105. | 105. | 106. |
| Nonmfg. only, no. of jobs | 181.1 | 107. | 107. | 108. |
| Mfg. only, no. of jobs | 38.8 | 97. | 96. | 101. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 39.2 | 100. | 96. | 98. |
| **Industrial electric power sales** | *** | 92. | 67. | 90. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 27.0 | + 92.9 | + 62.7 |
| Nonresidential bldg. contracts only | 28.8 | +166.7 | +169.2 |

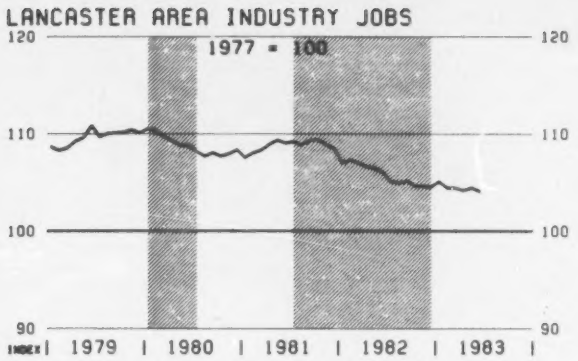
[1]Cumberland, Dauphin, and Perry Counties.

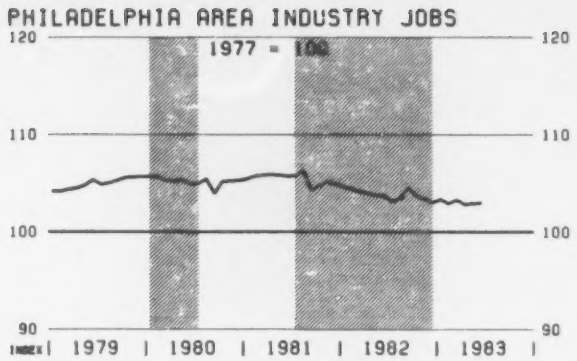
**Lancaster Area[1]**

| | Ave. mo. value | Average monthly index seas. adj. (1977 = 100) | | |
|---|---|---|---|---|
| | 2 Q.'83 | 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 168.9 | 107. | 105. | 108. |
| Unemployed, no. of residents | 12.2 | 150. | 175. | 156. |
| Civilian labor force, no. of residents | 181.0 | 109. | 108. | 110. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 149.1 | 104. | 105. | 106. |
| Nonmfg. only, no. of jobs | 95.4 | 111. | 112. | 111. |
| Mfg. only, no. of jobs | 53.6 | 94. | 94. | 99. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 39.1 | 99. | 96. | 97. |
| **Industrial electric power sales** | *** | 109. | 98. | 99. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 30.2 | +145.5 | +78.7 |
| Nonresidential contracts only | 42.0 | +600.0 | +90.9 |

[1]Lancaster County




electricity to industrial users. Seasonally adjusted sales rose 11 percent last quarter to a new all-time high.

The value of contract construction awards also show an expanding regional economy. The cumulative value of awards for residential and nonresidential buildings were up 75-80 percent in the first six months of this year compared to their values in the same period a year ago.

## Philadelphia

There were signs of recovery in the Philadelphia area economy last quarter, but the gains were small compared to the nation's and to those in other areas of the state.

The most positive indicator among those we follow for the area was the seasonally adjusted level of total resident employment, which grew 2 percent from the first to the second quarter. In June, this measure was at its highest level since August 1981, the second month of the long year-and-a-half recession.

The job level in Philadelphia's manufacturing industries rose last quarter, but the increase was just short of the usual seasonal increase. Nevertheless, the decline in the seasonally adjusted factory job level was the smallest since the beginning of the recession. The rise in the job level of the area's nonmanufacturing industries was also less than seasonal.

Seasonally adjusted sales of electricity to industrial users rose to their highest level since first quarter 1982. But the 2.6 percent increase was small compared to the 7.2 percent increase for the state as a whole, and the seasonally adjusted level remained 6.9 percent below the average for 1979.

The area's construction industry group had a varied performance in the first half of the year. Commercial building contractors were worse off while housing contractors were better off than a year earlier. The value of nonresidential contracts awarded in the first six months of the year were 29 percent less than the value of awards for the year-earlier period. In contrast, the value of residential awards were almost 58 percent ahead of last year's.

### Philadelphia Area[1]

| | Ave. mo. value | Average monthly index seas. adj. (1977 = 100) | | |
|---|---|---|---|---|
| | 2 Q.'83 | 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 1,987.2 | 106. | 104. | 105. |
| Unemployed, no. of residents | 197.4 | 112. | 114. | 104. |
| Civilian labor force, no. of residents | 2,184.7 | 106. | 104. | 105. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 1,892.4 | 103. | 103. | 104. |
| Nonmfg. only, no. of jobs | 1,503.6 | 108. | 109. | 108. |
| Mfg. only, no. of jobs | 385.3 | 86. | 86. | 91. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | n.a. | n.a. | 96. | 98. |
| **Industrial electric power sales** | | | | |
| Metropolitan area | *** | 96. | 94. | 95. |
| Chester | *** | 94. | 91. | 96. |
| Philadelphia | *** | 97. | 95. | 96. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 241.5 | +103.8 | +70.6 |
| Nonresidential contracts only | 160.3 | + 12.1 | + 2.8 |

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

## Reading

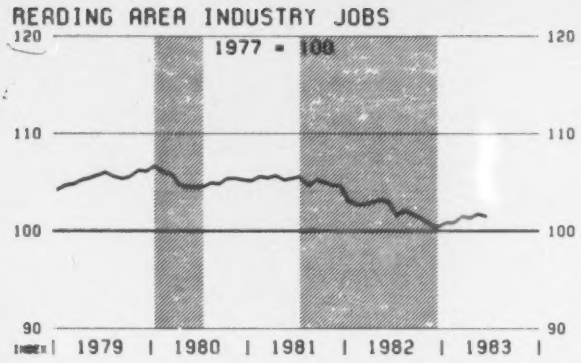
Of the 14 major metropolitan areas in the state, the Reading area has experienced the most vigorous recovery fom the recession to date. The area was one of only two in which total nonfarm industry job levels increased last quarter after seasonal adjustment. Furthermore, the 3.1 percent increase in the seasonally adjusted level of total resident employment and the 2.7

### Reading Area[1]

| | Ave. mo. value | Average monthly index seas. adj. (1977 = 100) | | |
|---|---|---|---|---|
| | 2 Q.'83 | 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 141.0 | 105. | 102. | 106. |
| Unemployed, no. of residents | 16.5 | 176. | 198. | 164. |
| Civilian labor force, no. of residents | 157.5 | 109. | 108. | 109. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 134.2 | 102. | 101. | 103. |
| Nonmfg. only, no. of jobs | 85.1 | 104. | 105. | 105. |
| Mfg. only, no. of jobs | 49.1 | 98. | 95. | 100. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 39.9 | 102. | 98. | 99. |
| **Industrial electric power sales** | *** | 109. | 98. | 107. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 24.4 | +293.5 | +130.2 |
| Nonresidential contracts only | 18.4 | +371.8 | + 75.2 |

[1] Berks County




percent increase in the seasonally adjusted factory job level were the largest increases among the metropolitan areas with increases in these measures.

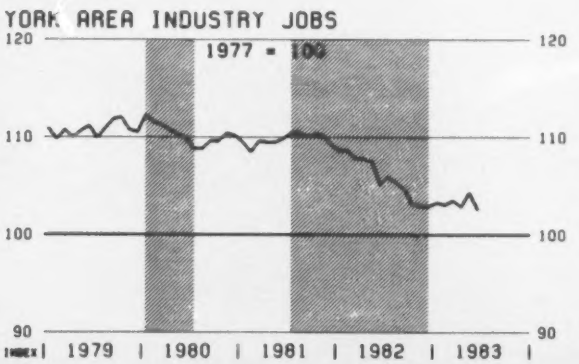
In addition, despite a large increase in the civilian labor force, which rose to its highest level ever in June, the number of unemployed area residents seeking employment declined last quarter. The seasonally adjusted unemployment rate fell a substantial 1.3 percentage point but remained in double digits at 10.3 percent.

The 0.5 percent increase in the seasonally adjusted job level in all nonfarm industries was the second consecutive quarterly rise. Most of the increase occurred in the manufacturing sector where the average length of the workweek was back up to levels prevailing before the most recent recession and the seasonally adjusted job level was at its highest level in a year.

On the other hand, the increase in the nonmanufacturing sector's job level was less than the usual seasonal increase. The seasonally adjusted job level in these industries fell to its lowest level since second quarter 1979.

The seasonally adjusted level of industrial electric power sales in the Reading area rose a strong 12.1 percent last quarter after rising 3.9 percent a quarter earlier. But despite these strong gains, seasonally adjusted sales remained 7.3 percent below the 1979 average.

Finally, the contract construction industry was showing substantial gains in the second quarter. The value of contract construction awards for nonresidential buildings was up 73 percent in the first half of this year




**York Area[1]**

| | Ave. mo. value 2 Q.'83 | Average monthly index seas. adj. (1977 = 100) 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 158.0 | 107. | 105. | 109. |
| Unemployed, no. of residents | 20.3 | 205. | 233. | 194. |
| Civilian labor force, no. of residents | 178.2 | 113. | 113. | 114. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 148.4 | 103. | 103. | 107. |
| Nonmfg. only, no. of jobs | 90.7 | 109. | 110. | 111. |
| Mfg. only, no. of jobs | 56.7 | 96. | 95. | 102. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 40.9 | 100. | 97. | 96. |
| **Industrial electric power sales** | *** | 92. | 87. | 90. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 24.0 | +51.9 | +55.8 |
| Nonresidential contracts only | 5.9 | -73.4 | - 9.2 |

[1]Adams and York Counties

from the level a year earlier while the value for residential building awards was ahead of the year-earlier figure by 80 percent.

## York

The York area economy made definite steps toward recovery last quarter. The seasonally adjusted level of total employment rose 2.1 percent after six quarterly declines. Because the civilian labor force grew only 0.3 percent after seasonal adjustment, most of the newly employed came from the ranks of the unemployed. As a result, the seasonally adjusted unemployment rate dropped to 11.3 percent from 12.9 percent in the first quarter.

The seasonally adjusted job level in York's factories increased for the first time since the beginning of the recession last quarter, but it remained 13.8 percent below the 1979 average.

The job level in the area's nonmanufacturing sector also rose, but the increase was less than expected for the April-June quarter. Consequently, the seasonally adjusted level of all nonfarm industry jobs was unchanged from first quarter's level.

Further increases in the job levels are expected with any further increases in economic activity, because employed workers are already working long workweeks. Seasonally adjusted average weekly hours worked by production workers in the area's factories rose to 41.0 hours last quarter.

Industrial electric power sales also rose last quarter. The 5.4 percent increase in the seasonally adjusted level of sales was only the second increase in two years. Sales remained 17.3 percent below the 1979 average.

Finally, the cumulative total value of residential building contracts awarded in the first half of the year was almost 82 percent ahead of the total for last year, but the value for nonresidential buildings just kept pace with inflation.

**Lehigh Valley Area[1]**

| | Ave. mo. value 2 Q.'83 | Average monthly index seas. adj. (1977 = 100) 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 266.9 | 97. | 96. | 102. |
| Unemployed, no. of residents | 37.7 | 184. | 196. | 149. |
| Civilian labor force, no. of residents | 304.6 | 104. | 103. | 105. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 245.3 | 95. | 95. | 100. |
| Nonmfg. only, no. of jobs | 158.0 | 105. | 106. | 107. |
| Mfg. only, no. of jobs | 87.2 | 80. | 80. | 89. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 38.0 | 100. | 97. | 99. |
| **Industrial electric power sales** | | | | |
| Metropolitan area | *** | 100. | 99. | 101. |
| Allentown | *** | 95. | 95. | 96. |
| Bethlehem | *** | 102. | 99. | 104. |
| Easton | *** | 110. | 108. | 108. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 61.3 | +162.0 | +152.3 |
| Nonresidential contracts only | 31.7 | + 56.2 | + 10.5 |

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

# Northeastern Quarter

## Lehigh Valley

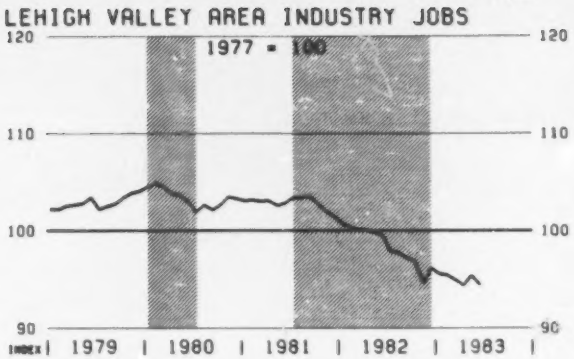
Improvements were evident in the Lehigh Valley area economy last quarter, but activity in many of the area's industries remained at very low levels.

The seasonally adjusted level of total employment rose 1.9 percent from a quarter earlier, and the unemployment rate dropped to 12.6 percent from 13.5 percent. Accompanying these improvements were increases in the area's nonfarm industry job level. But neither the increase in the area's manufacturing industries nor that in its nonmanufacturing industries was greater than the usual seasonal rise.

However, further improvements in employment conditions are expected in the coming months. The average length of the factory workweek, a leading indicator for employment changes, rose to a seasonally adjusted 38.2 hours last quarter. This is the level that prevailed in the late 1970's.

The April-June period was the second consecutive quarter of increases in the seasonally adjusted level of industrial electric power sales. These increases reflect rising output in the area's industries. However, second quarter's level remained 8.9 percent below the 1979 average.

The pace of the area's construction industry was also picking up. The value of contract construction awards for both residential and nonresidential buildings increased from a quarter earlier. But the year-to-date value for the first six months of the year was behind the year-earlier figure by a little over 10 percent for nonresidential buildings awards while the comparable value for residential buildings was more than two and a half times the year-earlier figure.




## Northeast

As in many of the other metropolitan areas in the state last quarter, improvements were evident in the Northeast in total employment, the average length of the factory workweek, and industrial electric power sales while seasonally adjusted job levels continued to fall.

The seasonally adjusted level of total employment rose 1.7 percent from a quarter earlier while the adjusted level of unemployed residents seeking employment rose in both Lackawanna and Luzerne Counties but was essentially unchanged for the metropolitan area as a whole. The increases brought the seasonally adjusted civilian labor force to its highest level ever in June.

Average weekly hours worked by production workers in the area's factories rose for the second consecutive quarter after seasonal adjustment, but the factory job level continued to decline. Last quarter there were 17.3 percent fewer factory jobs than there were in 1979. However, the factory workweek at a seasonally adjusted 37.8 hours was high compared to historical levels, and therefore employers may have to increase employment to further increase production in the months ahead.

The job level in the area's nonmanufacturing industries increased last quarter, but the increase was slightly short of the usual seasonal amount. Thus, the seasonally adjusted job level dropped 0.3 percent and stood 1.3 percent below the 1979 average.

Industrial electric power sales show economic activity to be picking up in the area. The seasonally adjusted level of sales rose 4.3 percent last quarter after rising 0.8 percent in the fist quarter, but it remained below previous highs.

The Northeast area's construction industry also shows trends similar to those of other areas in the state and of the state as a whole. The cumulative value of contract construction awards for nonresidential buildings in the first half of the year was almost 27 percent below last year's value while the value for residential buildings was more than 80 percent ahead of its year-ago level.

## Williamsport

The Williamsport area economy was beginning to turn around last quarter but remained sluggish relative to the economies of the other metropolitan areas in the state.

The seasonally adjusted level of total resident employment rose 1.4 percent in the second quarter while the number of jobless residents seeking employment was

### Northeast Area[1]

| | Ave. mo. value 2 Q.'83 | Average monthly index seas. adj. (1977 = 100) 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | | | | |
| Northeast metropolitan area | 251.8 | 102. | 100. | 103. |
| Lackawanna County[2] only | 89.6 | 102. | 100. | 103. |
| Luzerne County[3] only | 134.9 | 102. | 100. | 103. |
| Unemployed, no. of residents | | | | |
| Northeast metropolitan area | 34.0 | 130. | 130. | 117. |
| Lackawanna County[2] only | 11.2 | 120. | 113. | 116. |
| Luzerne County[3] only | 19.6 | 138. | 133. | 117. |
| Civilian labor force, no. of residents | | | | |
| Northeast metropolitan area | 285.8 | 104. | 103. | 104. |
| Lackawanna County[2] only | 100.8 | 104. | 101. | 104. |
| Luzerne County[3] only | 154.5 | 105. | 103. | 104. |
| **Local industries,** Northeast metropolitan area *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 231.2 | 98. | 99. | 101. |
| Nonmfg. only, no. of jobs | 169.4 | 104. | 104. | 104. |
| Mfg. only, no. of jobs | 61.5 | 86. | 89. | 92. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 37.4 | 105. | 101. | 100. |
| **Industrial electric power sales** | | | | |
| Northeast metropolitan area | *** | 98. | 94. | 99. |
| Lackawanna County[2] only | *** | 95. | 95. | 96. |
| Luzerne County[3] | *** | 92. | 90. | 95. |
| Hazleton | *** | 86. | 85. | 90. |
| Wilkes-Barre | *** | 92. | 86. | 92. |

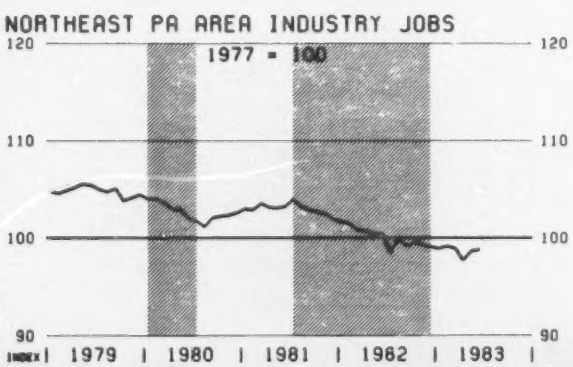
| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 27.8 | + 6.5 | +36.9 |
| Nonresidential contracts only | 5.2 | −10.3 | −54.8 |

[1]Lackawanna, Luzerne, and Monroe Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton

unchanged from a quarter earlier after adjusting for normal seasonal variation. However, because of the increase in the civilian labor force, the seasonally adjusted unemployment rate fell to 15.5 percent last quarter from 15.8 percent in the first quarter.

The Williamsport area experienced the greatest percentage decline in the seasonally adjusted factory job level among the state's metropolitan areas. The 3.5 percent decline brought the job level down to a new low, which was just over 77 percent of the 1979 average.

The average number of hours worked by production workers in the area's factories rose slightly last quarter but a further lengthening in the workweek could occur




### Williamsport Area[1]

| | Ave. mo. value 2 Q.'83 | Average monthly index seas. adj. (1977 = 100) 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 44.3 | 96. | 95. | 100. |
| Unemployed, no. of residents | 8.1 | 180. | 180. | 129. |
| Civilian labor force, no. of residents | 52.4 | 104. | 102. | 103. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 43.4 | 94. | 95. | 99. |
| Nonmfg. only, no. of jobs | 29.3 | 103. | 104. | 103. |
| Mfg. only, no. of jobs | 14.0 | 78. | 81. | 92. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 38.7 | 100. | 99. | 101. |
| **Industrial electric power sales** | *** | 91. | 88. | 92. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 3.9 | +225.0 | +129.4 |
| Nonresidential contracts only | 0.7 | +700.0 | +700.0 |

[1]Lycoming County

before a significant number of laid-off workers are called back.

The nonmanufacturing job level in the Williamsport area rose but not as much as expected for the April-June quarter. The seasonally adjusted number of jobs remained 3.9 percent below the level that prevailed before the most recent recession.

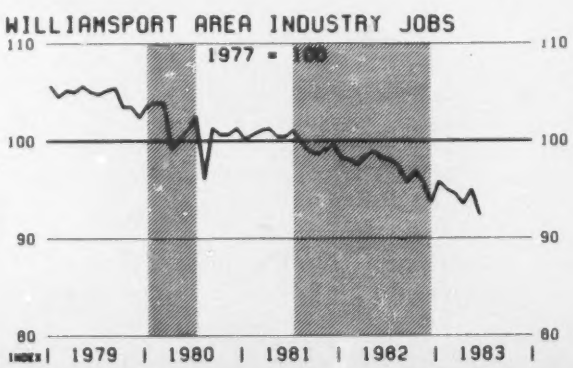
Industrial electric power sales also increased last quarter after five consecutive quarterly declines. But the increase of 3.7 percent was modest compared to the 7.2 percent increase for the state as a whole.

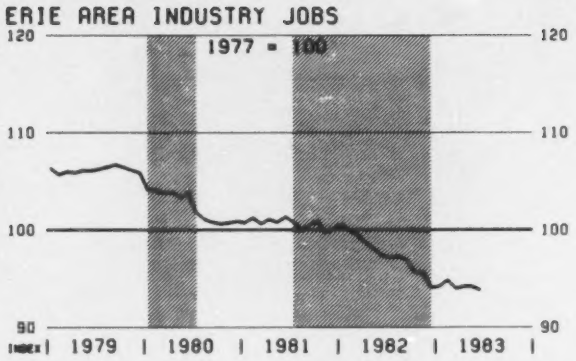
The area's construction industry picked up considerable momentum last quarter from a year ago. The value of nonresidential building contracts awarded in the first six months of the year rose 40 percent from the value a year earlier while the value of residential building contracts more than doubled.

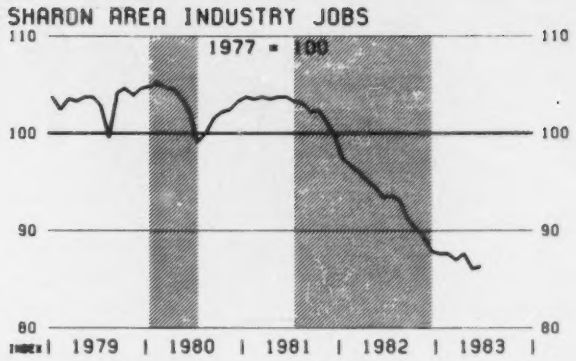
## Northwestern Quarter

### Erie

The Erie area economy made some progress last quarter. But the recession hit the area hard, and it will take a long time to fully recover.






The economy more than absorbed the 1.3 percent increase in the civilian labor force as the seasonally adjusted level of total employment increased 1.9 percent and the number of jobless residents seeking work dropped back 2 percent. But total employment remained 8.8 percent below the 1979 average, and, while the seasonally adjusted unemployment rate fell 0.5 of a percentage point, it remained at a high 15.9 percent.

Increases in job levels were slight — only minimally more than seasonal in manufacturing industries and less than seasonal in nonmanufacturing industries. The seasonally adjusted level of all nonfarm industry jobs fell to an 11-year low.

However, the factory workweek lengthened 1.3 hours last quarter and stood at a relatively high 40.8 hours after seasonal adjustment.

In addition, seasonally adjusted industrial electric power sales rose 3.6 percent last quarter. But this increase is modest compared to the 7.2 percent increase in the state. Furthermore, these sales remained 29.1 percent lower than the area's average for 1979.

Finally, the value of construction contracts for nonresidential buildings in the first half of the year trailed last year's value by almost 17 percent while the value for residential buildings were more than 54 percent ahead of last year's value.

### Erie Area[1]

| | Ave. mo. value | Average monthly index seas. adj. (1977 = 100) | | |
|---|---|---|---|---|
| | 2 Q.'83 | 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 106.8 | 97. | 95. | 100. |
| Unemployed, no. of residents | 19.9 | 221. | 225. | 152. |
| Civilian labor force, no. of residents | 126.7 | 106. | 105. | 104. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 104.5 | 94. | 94. | 98. |
| Nonmfg. only, no. of jobs | 69.9 | 102. | 103. | 103. |
| Mfg. only, no. of jobs | 34.5 | 81. | 80. | 90. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 40.5 | 99. | 96. | 96. |
| **Industrial electric power sales** | *** | 77. | 75. | 83. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 12.9 | +158.0 | +98.5 |
| Nonresidential contracts only | 6.3 | + 53.7 | 0.0 |

[1]Erie County

## Sharon

The Sharon metropolitan area, which has been especially hard hit by the recession, is also showing signs of recovery. Although job levels continued to decline on a seasonally adjusted basis, the resident employment data for Mercer County show strong gains in the last quarter. Furthermore, industrial electric power sales, which reflect short-run changes in output, continued to climb for the third consecutive quarter.

The civilian labor force remained essentially unchanged from a quarter earlier while the seasonally adjusted number of employed area residents rose 2.1 percent and the number of jobless residents dropped 5.3 percent. As a result, the seasonally adjusted unemployment rate for the area fell to 19.9 percent from 21.2 percent a quarter earlier. The 1.9 percentage point decline was the largest drop among the state's metropolitan areas.

The number of nonfarm industry jobs rose last quarter, but the increase was less than the usual seasonal increase. Thus, the seasonally adjusted index for this measure fell for the eighth consecutive quarter.

The small job gains that did occur were in Sharon's nonmanufacturing sector; the area's factories continued to lose jobs last quarter. The seasonally adjusted factory job level was 38.5 percent below the 1979 average. However, last quarter's decline was the smallest of nine consecutive quarterly declines.

### Sharon Area[1]

| | Ave. mo. value | Average monthly index seas. adj. (1977 = 100) | | |
|---|---|---|---|---|
| | 2 Q.'83 | 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 43.2 | 89. | 88. | 97. |
| Unemployed, no. of residents | 10.6 | 266. | 282. | 212. |
| Civilian labor force, no. of residents | 53.8 | 103. | 103. | 106. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 39.7 | 87. | 88. | 95. |
| Nonmfg. only, no. of jobs | 29.3 | 100. | 100. | 102. |
| Mfg. only, no. of jobs | 10.4 | 64. | 65. | 82. |
| **Industrial electric power sales** | *** | 106. | 101. | 90. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 8.0 | +400.0 | +135.3 |
| Nonresidential contracts only | 5.1 | +155.0 | – 13.6 |

[1]Mercer County

Despite the weakness in job levels, increases in industrial electric power sales suggest rising production. The seasonally adjusted level of sales of electricity to industries in the area rose 4.2 percent in the second quarter after a 12.5 percent increase in the first quarter and a 4.2 percent increase in the fourth quarter of last year.

Finally, although the cumulative value of contract construction awards for residential buildings in the first half of the year more than doubled from the level in the same period last year, the value for nonresidential buildings was only 13.3 percent of last year's figure.

# Southwestern Quarter

## Altoona

The Altoona economy was the most sluggish among the economies of Pennsylvania's 14 metropolitan areas last quarter. Altoona was the only metropolitan area in which the seasonally adjusted unemployment rate rose last quarter, and the area had the smallest percentage increase in total employment, the second largest percentage decline in the nonfarm industry job level, and the smallest increase in the average length of the factory workweek. Furthermore, it was the only metropolitan area in the state in which the cumulative value of residential contract construction awards in the first half of the year was lower than it was in the first half of 1982.

The rise in the seasonally adjusted unemployment rate to 17.6 percent in the second quarter from 16.7 percent in the first quarter of the year is largely attributable to a big jump in the civilian labor force. In June, the seasonally adjusted labor force rose to 58,600 workers — its highest level since March 1981. A greater number of the new entrants were seeking employment than were returning to old jobs. Thus, the increase in the unemployment rate.

While total employment of area residents was up 1.3 percent after seasonal adjustment, the increase in total nonfarm industry jobs was less than the usual seasonal rise. Seasonally adjusted job levels fell 1.8 percent in manufacturing industries and 0.6 percent in nonmanufacturing industries.

Employment levels are expected to remain low in the coming months. Although the average length of the factory workweek improved in the second quarter, at a seasonally adjusted 38.1 hours, it remained substantially below the 39.3 hour average that prevailed in 1979. Employers still have considerable room to increase production by increasing the hours of workers still on the job before hiring back laid off employees.

Altoona was one of seven of the metropolitan areas in which the value of nonresidential building construction contracts awarded in the first six months of this year exceeded the value awarded in the same period last year, but it was the only one in which the value of residential building awards declined. Nonresidential building awards were ahead of last year's by almost 9 percent while residential building awards, which accounted for 76 percent of total building contracts last year, were behind by more than 21 percent.

Finally, industrial electric power sales were at their highest level in a year but were still 24.6 percent below the average for 1979.

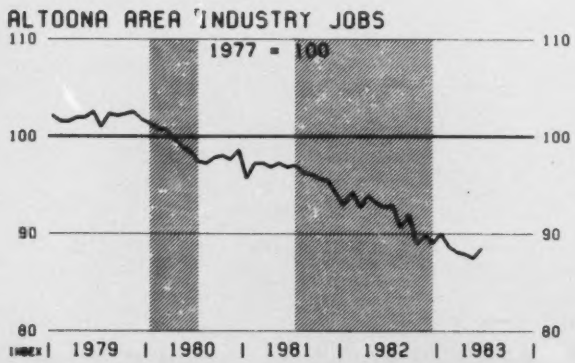
## Johnstown

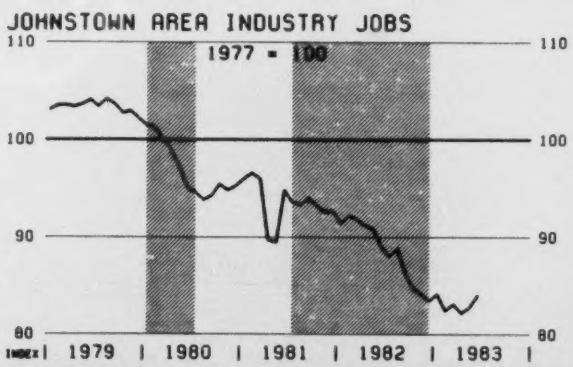
Johnstown has the highest unemployment rate among the state's metropolitan areas. But it also had the second highest percentage increase in total employment last quarter and was the only metropolitan area in which the nonmanufacturing industry job level rose more than the usual seasonal amount.

The seasonally adjusted level of total resident employment rose 2.9 percent last quarter while the number of jobless residents seeking employment fell back a slight 0.8 percent after six consecutive quarterly increases. The seasonally adjusted unemployment rate fell to 22.9 percent from a record quarterly high of 23.5 percent.

The solid gains in the resident employment data were diminished by another 3.3 percent drop in the seasonally adjusted factory job level. The number of manufacturing jobs in the Johnstown area was less than half the level that prevailed throughout the 1964-74 decade. Furthermore, the length of the factory workweek last quarter at a seasonally adjusted 35.4 hours was still very low.

The area's construction industry also remained lackluster in the first half of the year. The value of



## Altoona Area[1]

| | Ave. mo. value 2 Q.'83 | Average monthly index seas. adj. (1977 = 100) 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 47.5 | 91. | 90. | 96. |
| Unemployed, no. of residents | 9.4 | 248. | 228. | 163. |
| Civilian labor force, no. of residents | 56.9 | 102. | 100. | 101. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 45.9 | 88. | 89. | 93. |
| Nonmfg. only, no. of jobs | 35.0 | 90. | 91. | 94. |
| Mfg. only, no. of jobs | 10.9 | 82. | 84. | 91. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 38.5 | 100. | 100. | 102. |
| **Industrial electric power sales** | *** | 80. | 76. | 86. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 6.6 | +247.4 | −32.7 |
| Nonresidential contracts only | 2.2 | + 37.5 | +10.0 |

[1]Blair County

## Johnstown Area[1]

| | Ave. mo. value 2 Q.'83 | Average monthly index seas. adj. (1977 = 100) 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 84.0 | 86. | 83. | 92. |
| Unemployed, no. of residents | 23.7 | 231. | 233. | 152. |
| Civilian labor force, no. of residents | 107.7 | 100. | 98. | 98. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 74.1 | 83. | 83. | 90. |
| Nonmfg. only, no. of jobs | 61.6 | 92. | 91. | 97. |
| Mfg. only, no. of jobs | 12.1 | 56. | 58. | 70. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 35.5 | 91. | 89. | 92. |
| **Industrial electric power sales** | *** | 76. | 70. | 120. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 14.1 | +176.5 | +54.9 |
| Nonresidential contracts only | 0.6 | − 98.0 | −81.8 |

[1]Cambria and Somerset Counties

## Pittsburgh Area[1]

| | Ave. mo. value 2 Q.'83 | Average monthly index seas. adj. (1977 = 100) 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 866.2 | 96. | 94. | 101. |
| Unemployed, no. of residents | 162.9 | 258. | 258. | 183. |
| Civilian labor force, no. of residents | 1,029.1 | 106. | 105. | 106. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 851.8 | 93. | 94. | 99. |
| Nonmfg. only, no. of jobs | 683.0 | 102. | 103. | 106. |
| Mfg. only, no. of jobs | 167.9 | 67. | 68. | 80. |
| **Hrs. worked by production workers in mfg.,** *ave. weekly* | 39.5 | 98. | 93. | 94. |
| **Industrial electric power sales** | *** | 70. | 58. | 72. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 117.1 | +124.3 | − 3.3 |
| Nonresidential contracts only | 100.4 | + 11.6 | −40.9 |

[1]Allegheny, Beaver, Washington, and Westmoreland Counties.

nonresidential building contracts awarded in the first six months of this year was less than half the value awarded in the same period last year. In addition, while the value for residential building awards was 34 percent ahead of last year's value, the percentage increase was the lowest among the state's metropolitan areas.

At the same time, the number of jobs in the area's nonmanufacturing industries rose slightly more than the usual seasonal amount. The 0.3 percent increase, although small, was the only increase in this measure among the state's metropolitan areas.

Seasonally adjusted industrial electric power sales turned up last quarter for the first time in over a year. But because the electric furnace at the Bethelehem Steel Corporation plant had not yet been turned back on, these sales remain 36.7 percent below the year-ago level.

## Pittsburgh

The Pittsburgh area economy was gearing up for recovery last quarter. By June, the seasonally adjusted labor force had risen to 1,054,000 workers — its highest level ever. Many of the new entrants last quarter either went back to old jobs or quickly secured new jobs. This brought the seasonally adjusted unemployment rate down 0.2 of a percentage point to 16.1 percent.

The seasonally adjusted level of total resident employment rose 1.8 percent after six consecutive quarterly declines, but was still 9.4 percent below the average prevailing in the 1979-81 period. Nevertheless, it has been increasing steadily since the low in March and is expected to continue to increase in the months ahead.

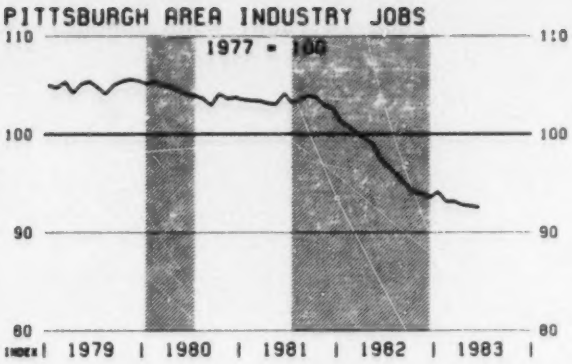
Average weekly hours worked by production workers in the area's factories rose for the third consecutive quarter to a seasonally adjusted 39.7 hours. This relatively long workweek suggests that job levels should soon begin to rise.

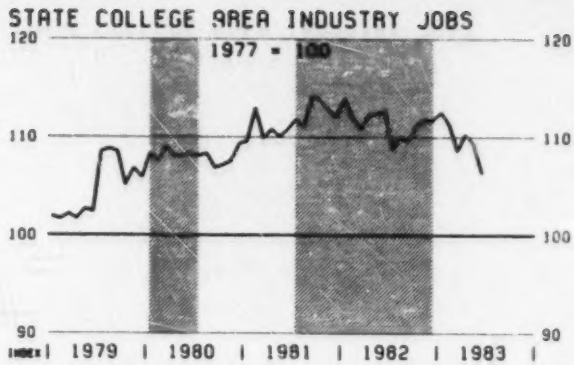
Seasonally adjusted job levels continued to decline through the second quarter but at a slower rate than experienced in 1982. The factory job level fell 1.8 percent in both the first and second quarters of this year compared to an average quarterly decline of 7 percent during 1982.

The number of jobs in the nonmanufacturing sector increased last quarter but less than the usual seasonal amount. So the seasonally adjusted job level fell 0.6 percent for its sixth consecutive quarterly decline.

Nevertheless, production in the area's factories have picked up considerably from recession lows. Sales of electricity to industrial users rose almost 20 percent after seasonal adjustment. Last quarter's rise in this measure follows a 5.5 percent increase in the first quarter. But the seasonally adjusted level of sales remains 34.4 percent below the 1979 average.

The building boom of the last few years in Pittsburgh appears to have slowed. The value of construction contracts for commercial buildings in the first half of the year was more than 9 percent lower than in the same period last year. The cumulative value of residential building awards for the first six months of the year were




ahead of last year's value by almost 25 percent, which is a modest increase compared to those of other metropolitan areas in the state.

## State College

At first brush, the employment situation in the State College metropolitan area appears stalled, but a closer look reveals some signs of improvement.

The metropolitan area, which encompasses all of Centre County, was the only one in the state in which the seasonally adjusted level of total resident employment did not rise last quarter. The quarterly average remained unchanged from a quarter earlier. Furthermore, the 2 percent decline in the seasonally adjusted job level in the area's nonfarm industries was the largest percentage drop among the 11 metropolitan areas with decreases.

At the same time, State College was one of only five metropolitan areas in which factory job levels increased more than the usual seasonal amount. The increase in industrial activity suggested by the increase in factory employment was supported by a 9 percent increase in the seasonally adjusted level of industrial electric power sales. Last quarter's increase in this measure was the second consecutive quarterly increase. It had increased 3.1 percent the quarter earlier.

The more than seasonal decline in the job level of the area's nonmanufacturing sector came from the failure of other industry groups to gain an adequate number of jobs to offset the decline in state education jobs at the end of the school year.

Unemployment remains high in the area. But because there was no increase in the civilian labor force last quarter, the unemployment rate was able to slip 0.1 of a percentage point to 11.7 percent.

The area's construction industry picked up this year. The cumulative value of contracts for nonresidential buildings in the first six months were a third higher than in the same period last year while contracts for residential buildings were 79 percent ahead of the year-ago level.

### State College Area[1]

| | Ave. mo. value 2 Q.'83 | Average monthly index seas. adj. (1977 = 100) 2 Q.'83 | 1 Q.'83 | 2 Q.'82 |
|---|---|---|---|---|
| **Employment** *(in thousands)* | | | | |
| Employed, no. of residents | 44.7 | 107. | 107. | 110. |
| Unemployed, no. of residents | 5.7 | 222. | 224. | 168. |
| Civilian labor force, no. of residents | 50.5 | 114. | 114. | 113. |
| **Local industries** *(in thousands)* | | | | |
| All nonagricultural ind., no. of wage and salaried jobs | 44.8 | 109. | 111. | 112. |
| Nonmfg. only, no. of jobs | 37.8 | 108. | 111. | 111. |
| Mfg. only, no. of jobs | 7.1 | 110. | 108. | 119. |
| **Industrial electric power sales** | *** | 94. | 86. | 92. |

| **Construction contracts awarded** *(in millions of dollars)* | Total 2 Q.'83 | Percentage Change Quarter Ago | Year Ago |
|---|---|---|---|
| Residential contracts only | 12.8 | + 151.0 | +106.5 |
| Nonresidential contracts only | 9.0 | +4400.0 | +210.3 |

[1]Centre Coun

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University Park, Pennsylvania 16802

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# July Marks Another Month of Gains

Record advances in Pennsylvania's resident employment data were registered in July. Other indicators of the state's economy also advanced, but they continued to show the state's recovery as less vigorous than the nation's.

Unemployment declined sharply in July and employment continued to surge upward for the fourth consecutive month. The seasonally adjusted unemployment rate for the state dropped a startling 1.5 percentage points over the month and, at 11.1 percent, was 2.5 percentage points below the high of 13.6 percent registered in January.

In addition, the number of employed Pennsylvanians rose to over 5 million for the first time in nearly a year. Almost three-fourths of the recession losses in the seasonally adjusted level of total employment had been regained by July. At the same time, the civilian labor force swelled to its highest level ever.

Another very encouraging indicator in July was the level of new claims for unemployment compensation. The seasonally adjusted index for this measure fell below 100 for the first time since August 1981. The dip below the 1977 average suggests further employment gains in the coming months.

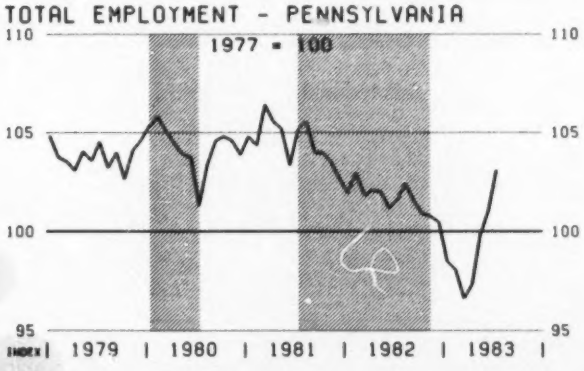
However, unemployment compensation benefits remain a severe drain on the state. Pennsylvania continued to have the second highest insured unemployment rate in July. In unadjusted figures for the week that ended July 30, 5.2 percent of the state's insured workers were out of work. Among the states, only West Virginia's 6.9 percent rate was higher.

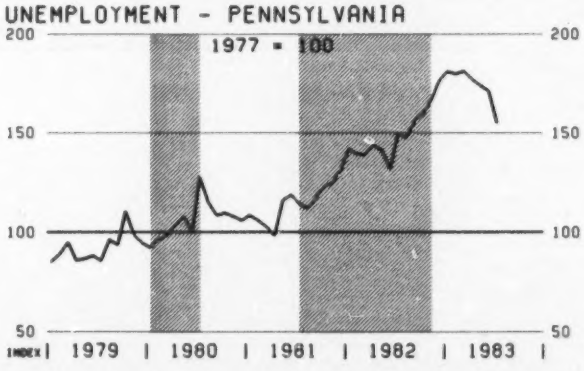
Furthermore, despite the increase in total employment, no dramatic changes in job levels took place in July. The total number of nonfarm industry jobs slipped a little, but the drop was normal for the time of year. This measure has risen by a seasonally adjusted 21,300 jobs, or 0.5 percent, since its low in April. It had fallen more than 6.5 percent since July 1981.

While the total job level remained below the year-ago level in the state, nationally the level of jobs in all nonfarm industries exceeded the level of a year earlier. Jobs in retail trade, finance, and services industry groups were above their year-earlier levels in both the nation and the state, and, in the nation, they were above pre-recession levels. Only in the services industry group did the job level for the state exceed the pre-recession high. Jobs in mining, durable goods manufactures, transportation, public utilities, and wholesale trade industry groups remained below their year-earlier levels in both the state and the nation.

The different mix of industries in the nation and the state and the relatively slower pick-up of the state's construction industry account for the poorer performance of the state's aggregate nonfarm industry job level.

However, the value of awards for future contract construction in the state rose for the second straight month in July, promising further improvement in construction industry employment. Furthermore, the




# PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **September 1983**

average length of the factory workweek remained at a fairly high level in July. Therefore, further improvement in factory job levels should also materialize with a pick-up in demand for the state's products.

Employment in the contract construction industry increased for the second consecutive month after seasonal adjustment as did the value of contract construction awards. But the increase in the job level was only 3.4 percent higher than its low in May and remained 27 percent below the level prevailing in 1979.

Furthermore, the year-to-date value of total contract construction awards in July trailed the value in the same period last year by 5 percent. The decline in awards came from commercial buildings and major structure construction, which trailed last year's seven-month totals by 13 percent and 43 percent, respectively. On the other hand, the year-to-date value for residential building awards were ahead of last year's value by 47 percent.

However, if the gains of the last two months in the value of awards for commercial buildings and major structure construction continue, the cumulative value of awards should soon outpace last year's value.

Conditions in the state's manufacturing sector have been improving slowly since the first part of the year. The seasonally adjusted factory job level was up only 1.2 percent in July from its low in April. But further improvement is expected because average weekly hours worked by production workers has been at its historical average for several months.

Due to the steady increases in total hours worked since last February, seasonally adjusted factory payrolls have increased more than 14 percent from their low that month. Furthermore, because inflation has been moderate, more than 80 percent of that increase added to the total purchasing power of factory workers. Nevertheless, factory payrolls, adjusted for both inflation and seasonal variation, remained 19 percent below their level in August 1981 at the beginning of the most recent

| Economic Activity in Pennsylvania | 1983 June | 1983 July | 1982 July | Seasonally Adjusted Indexes (1977 = 100) 1983 June | 1983 July | 1982 July |
|---|---|---|---|---|---|---|
| **Pennsylvania Industries** | | | | | | |
| All nonagricultural industries | | | | | | |
| No. of wage and salaried jobs (thous.) | 4,518.* | 4,473. | 4,543. | 97.5* | 97.7 | 99.2 |
| Nonmanufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 3,408.* | 3,371. | 3,390. | 104.3* | 104.4 | 105.0 |
| Manufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 1,104.* | 1,097. | 1,147. | 81.2* | 81.7 | 85.5 |
| Ave. wkly. hrs. worked by prod. workers | 39.5 | 39.4 | 38.4 | 99.9 | 100.1 | 97.7 |
| Total wkly. person-hours worked (mils.) | 29.8* | 29.5 | 29.8 | 76.7* | 77.9 | 78.6 |
| Total wkly. payroll (mil. dols.) | 265.1* | 265.8 | 257.7 | 117.3* | 120.5 | 116.8 |
| Steel production (thous. tons) | 1,132.* | 1,030. | 765. | 54.* | 50. | 37. |
| Industrial electric power sales (mil. kwh) | 3,440. | 3,400. | 3,202. | 92. | 94. | 90. |
| Mining | | | | | | |
| Anthracite coal (thous. net tons) | 410. | 358. | 313. | 83. | 83. | 70. |
| Bituminous coal (thous. net tons) | 5,537. | n.a. | 6,192.† | 78. | n.a. | 86.† |
| Construction contracts awarded (mil. dols.) | | | | | | |
| Total | 522.7 | 542.6 | 390.4* | 134. | 153. | 114.* |
| Residential building | 270.9 | 209.2 | 151.5* | 167. | 124. | 90.* |
| Other building | 159.0 | 248.9 | 132.7* | 121. | 208. | 113.* |
| Nonbuilding (utilities and public works) | 92.8 | 84.5 | 106.2* | 89. | 124. | 162.* |
| **Employment of Pennsylvania Residents** | | | | | | |
| Employed, no. of persons (thous.) | 4,886. | 5,054. | 4,982. | 101.1 | 103.1 | 101.6 |
| Unemployed | | | | | | |
| No. of persons (thous.) | 721. | 617. | 595. | 171.0 | 155.1 | 149.6 |
| Rate (percentage of labor force) | 12.9 | 10.9 | 10.7 | | | |
| Rate, seasonally adjusted | 12.6 | 11.1 | 10.8 | | | |
| Civilian labor force, no. of persons (thous.) | 5,607. | 5,670. | 5,578. | 106.4 | 107.1 | 105.3 |
| Initial claims for unemployment benefits | 147,314. | 148,443. | 196,570. | 102.8 | 96.0 | 124.4 |

| Consumer Prices, all items | Urban Indexes (1967 = 100) 1983 June | 1983 July | 1982 July | Percentage Change Month Ago | Year Ago |
|---|---|---|---|---|---|
| U.S. city average | 298.1 | 299.3 | 292.2 | +0.4 | +2.4 |
| Philadelphia | 286.1 | 288.3 | 281.1 | +0.8 | +2.6 |
| Pittsburgh | 305.4 | n.a. | 285.1† | n.a. | +7.1 |
| Northeast PA | n.a. | 283.4 | 275.1 | n.a. | +3.0 |

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.
* = figure revised † = figure for June 1982 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.



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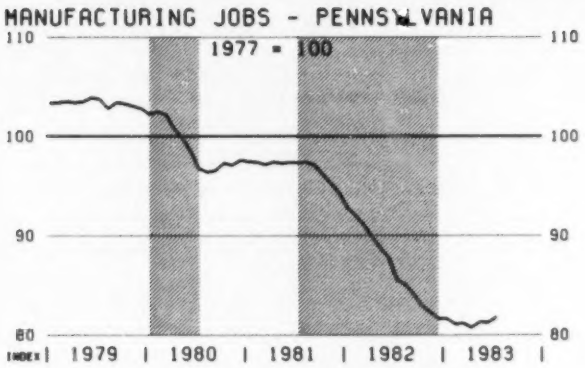


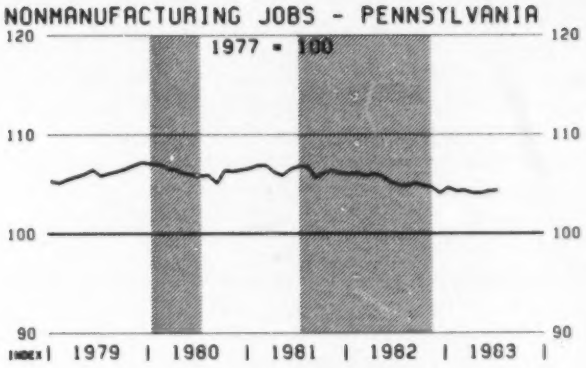


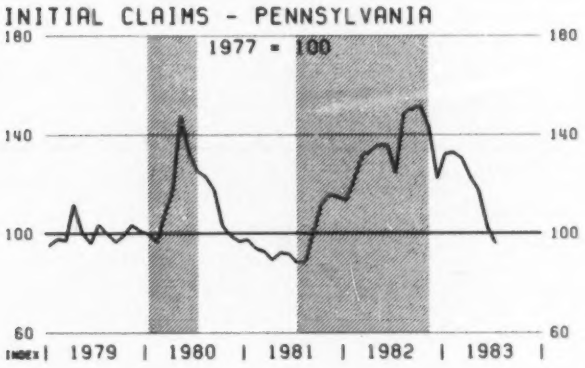


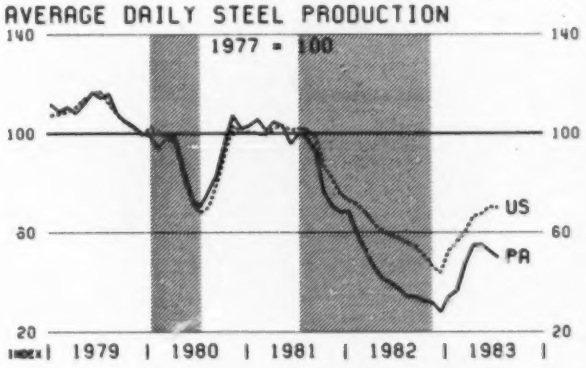


recession and almost 30 percent below the level prevailing in 1979.

Industrial electric power sales, which reflect short-run changes in industrial production, fell back a bit in July from a month earlier, but the drop was less than the normal seasonal decline. As a result, the seasonally adjusted index for this measure rose to 94 (1977 = 100) from 92 in June. The level of sales remained 13 percent lower than the level two years earlier at the start of the most recent recession but was more than 6 percent higher than the year-ago level.

Steel production fell back again in July as demand for the state's steel products failed to pick up. At the same time, national steel production continued to climb. The average daily production of steel in the state was only half the level of two years ago, but it was more than a third higher than last year's level. National steel production, on the other hand, did not drop off quite as severely as did the state's during the recession. In addition, the national recovery in this industry has been more gradual and more steady.

In July, Pennsylvania's mills accounted for 15.8 percent of total national production. This is down from 16.7 percent last month but is up from 13.9 percent in July 1982. Throughout the 1970s, 20-23 percent of all steel produced in the nation was produced in Pennsylvania. By October 1981, Pennsylvania lost its distinction of producing more steel than any other state to Indiana. It slipped to third place behind Ohio in May 1982.

Although employment in the state's mining industry remained below the year-earlier level, it has increased by almost 10 percent since December. A big jump in the industry's job level occurred between February and March. Since then, it has been inching up.

The amounts of both bituminous and anthracite coal mined in the state have also been inching up. In June, the latest date for which we have data, the seasonally adjusted amount of bituminous coal mined had increased 21 percent from the low registered in February, but it remained 26 percent below the level that prevailed in 1979 before the two recent back-to-back recessions.

July's seasonally adjusted production figure for anthracite coal shows a 32 percent increase from its low reached in the second quarter of 1982. Nevertheless, it remained almost 20 percent below the average level produced during its brief comeback in 1980.

*— Norma I. Gavin*

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# Small Personal Income Gain in First Quarter

Personal income in Pennsylvania increased a slight 0.1 percent in the first quarter of 1983, according to the Commerce Department's Bureau of Economic Analysis. This was the smallest increase among the 42 states with increases that quarter. Personal income was unchanged in Oklahoma and West Virginia and declined in South Dakota, Idaho, Wisconsin, Minnesota, Wyoming, and Alaska.

Personal income is the income received by persons from all sources — that is, from participation in production, from government and business transfer payments, and from government interest.

Despite the increase, the purchasing power of Pennsylvanian's declined in the first quarter. The state's meager increase in current-dollar personal income fell short of the 0.5 percent rise in consumer prices, measured by the implicit price deflator for personal consumption expenditures. The percentage change in personal income exceeded or equaled the national increase in consumer prices in 36 states.

In Pennsylvania, percentage declines in labor and proprietors' income from farm and mining industries were more than the national average percentage declines in income from these industries in the first quarter while percentage increases in income from nondurable goods manufactures, retail trade, finance, and services industries were less than the average national percentage increases. Declines occurred in the state's income from durable goods manufactures, transportation industries, and wholesale trade while the nation gained income in all of these industries. Only in the construction industry and in government were percentage gains in income greater in the state than in the nation.

Finally, transfer payments in the state declined in the first quarter. This decline, the first in six years, came from a drop in unemployment insurance benefits.

*— Norma I. Gavin*

**Personal Income by Major Source, Seasonally Adjusted at Annual Rates**

| | Pennsylvania | | | United States | | |
|---|---|---|---|---|---|---|
| | 1983 I (mil. dols.) | Percentage Change Quarter Ago | Year Ago | 1983 I (mil. dols.) | Percentage Change Quarter Ago | Year Ago |
| **Labor and proprietors' income by place of work** | 90,248 | 0.2 | 0.8 | 1,876,342 | 1.4 | 4.4 |
| By type | | | | | | |
| Wage and salary disbursements | 75,482 | 0.3 | -0.1 | 1,587,350 | 1.5 | 3.6 |
| Other labor income | 8,712 | -0.0 | 2.1 | 160,559 | 1.7 | 7.7 |
| Proprietors' income | 6,054 | -0.6 | 11.0 | 128,433 | -0.2 | 10.8 |
| By industry | | | | | | |
| Farm | 917 | -22.6 | 11.7 | 31,404 | -14.4 | 6.2 |
| Nonfarm | 89,331 | 0.5 | 0.7 | 1,844,938 | 1.7 | 4.4 |
| Private | 76,733 | 0.4 | 0.1 | 1,528,713 | 1.8 | 4.1 |
| Ag. serv., for., fish., and other | 223 | 5.2 | 11.5 | 8,579 | 5.7 | 13.8 |
| Mining | 1,238 | -11.9 | -23.8 | 33,209 | -4.5 | -15.5 |
| Construction | 4,461 | 4.3 | 0.5 | 102,139 | 3.9 | 5.3 |
| Manufacturing | 26,500 | -0.6 | -8.7 | 450,581 | 2.0 | 0.2 |
| Nondurable goods | 9,544 | 0.9 | 0.1 | 168,342 | 1.5 | 3.8 |
| Durable goods | 16,956 | -1.5 | -13.0 | 282,239 | 2.2 | -1.8 |
| Transportation | 6,717 | -1.9 | -1.1 | 143,664 | 0.6 | 2.3 |
| Wholesale trade | 5,344 | -0.3 | -1.3 | 127,082 | 0.9 | 2.4 |
| Retail trade | 8,031 | 0.9 | 2.8 | 176,253 | 1.2 | 4.8 |
| Finance, insurance, and real estate | 5,190 | 2.9 | 18.1 | 120,941 | 3.6 | 13.8 |
| Services | 19,029 | 1.8 | 12.1 | 366,265 | 1.9 | 9.1 |
| Government | 12,598 | 1.5 | 4.7 | 316,225 | 1.3 | 5.9 |
| Federal, civilian | 3,222 | 0.0 | 5.0 | 71,006 | 0.6 | 4.0 |
| Federal, military | 433 | -0.9 | 13.1 | 32,010 | 0.4 | 4.5 |
| State and local | 8,943 | 2.2 | 4.2 | 213,209 | 1.7 | 6.7 |
| **Total personal income** | 132,257 | 0.1 | 3.9 | 2,640,496 | 0.9 | 5.6 |
| Nonfarm personal income | 131,340 | 0.3 | 3.9 | 2,609,093 | 1.1 | 5.6 |
| Net labor and proprietors' income[1] | 83,895 | 0.1 | 0.9 | 1,759,931 | 1.2 | 4.4 |
| Dividends, interest, and rent | 23,439 | 0.7 | 5.3 | 484,799 | 1.0 | 5.5 |
| Transfer payments | 24,923 | -0.7 | 13.9 | 395,766 | -0.5 | 11.6 |

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, July 1983.
[1]Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence.

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# Recovery Loses Speed in August

Economic indicators for both the nation and the state show a slowing in the recovery in August.

The weakening in the state's recovery was most evident in the resident employment data, which may be reflecting a pause or an adjustment after five consecutive months of strong gains. The Pennsylvania index of coincidental indicators, which is heavily weighted with the employment data, fell 0.3 percent from a month earlier while the index of leading indicators was unchanged.[1]

Nationally, employment continued to increase in August, but a slowing in the recovery was evident in the month's figures for industrial production, retail sales, and personal income growth and in the preliminary estimate of third-quarter gross national product.

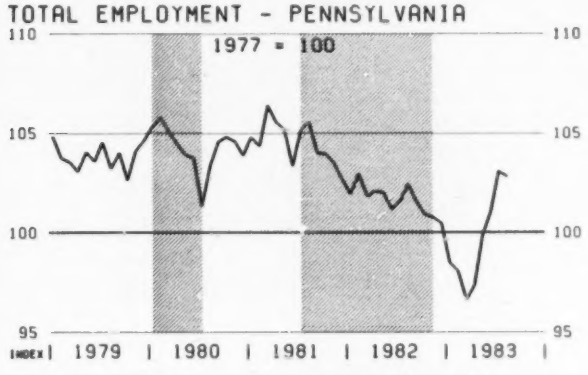
Total employment of Pennsylvania residents remained over 5 million but was down a slight 0.2 percent after seasonal adjustment. The number of unemployed residents also fell in August but not as much as is normal for that month. As a result, the seasonally adjusted unemployment rate rose to 11.5 percent from July's 11.1 percent.

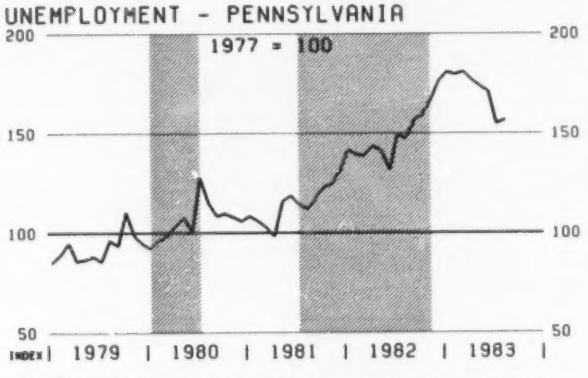
Nonfarm payroll employment, as measured by the monthly survey of establishments, was little changed in August. The level of payroll jobs rose in the state's manufacturing industries, but the increase was less than the usual seasonal increase. At the same time, the level of jobs in the nonmanufacturing sector fell more than seasonally. This sector was significantly affected by striking communications workers and a further contraction in the mining industry group.

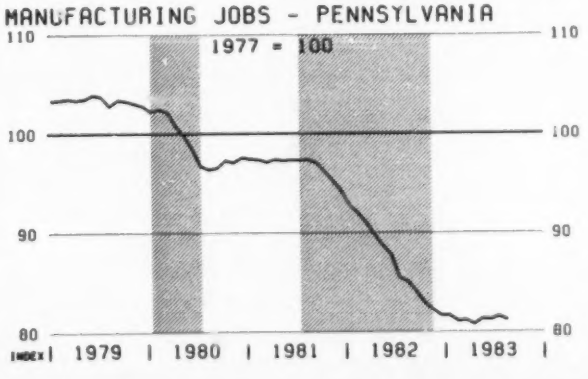
The job levels in both the state's durable and nondurable goods manufacturing industry groups rose in August. However, while the rise in the durable goods industry group was 0.6 percent more than the usual seasonal increase, the rise in the nondurable goods job level was less than expected for that month. After seasonal adjustment, the job level in the latter industry group fell 1.4 percent.

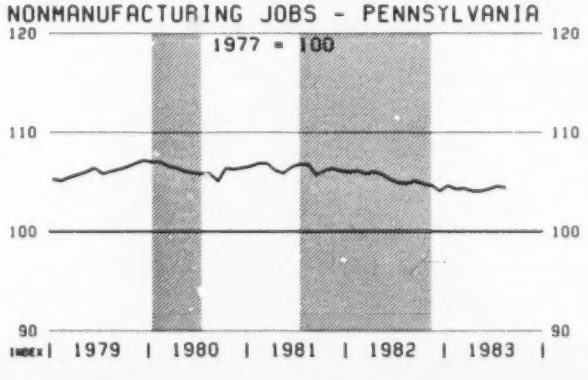
Nevertheless, both manufacturing industry groups are

[1] For a description of these indexes, see June's issue.

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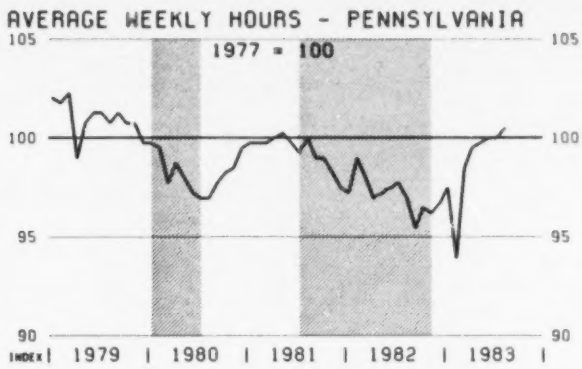


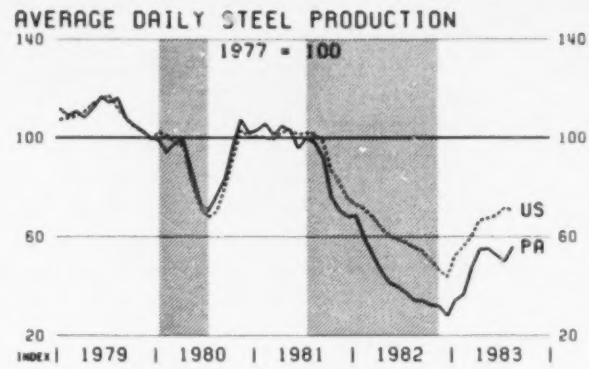


in good positions for expanding their work forces in the coming months. Average weekly hours worked by production workers in both of these groups had risen to pre-recession levels by August. The average length of the factory workweek rose to 38.5 hours from 38.0 hours in nondurable goods industries while the average workweek was unchanged at 40.5 hours in durable goods industries.

Because of the less than seasonal increase in factory payroll employment, seasonally adjusted levels of total person-hours worked and total weekly payrolls fell 0.2 percent and 0.7 percent, respectively. These declines

| Economic Activity in Pennsylvania | 1983 July | 1983 Aug. | 1982 Aug. | Seasonally Adjusted Indexes (1977 = 100) 1983 July | 1983 Aug. | 1982 Aug. |
|---|---|---|---|---|---|---|
| **Pennsylvania Industries** | | | | | | |
| All nonagricultural industries | | | | | | |
| No. of wage and salaried jobs (thous.)[1] | 4,479.* | 4,481. | 4,537. | 97.8* | 97.6 | 99.0 |
| Nonmanufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 3,379.* | 3,371. | 3,383. | 104.6* | 104.5 | 104.8 |
| Manufacturing | | | | | | |
| No. of wage and salaried jobs (thous.) | 1,095.* | 1,100. | 1,152. | 81.6* | 81.2 | 85.1 |
| Ave. wkly. hrs. worked by prod. workers | 39.3* | 39.6 | 38.2 | 99.8* | 100.4 | 96.9 |
| Total wkly. person-hours worked (mils.) | 29.3* | 29.8 | 29.9 | 77.5* | 77.4 | 77.7 |
| Total wkly. payroll (mil. dols.) | 264.2* | 267.4 | 258.4 | 119.7* | 118.9 | 115.0 |
| Steel production (thous. tons) | 1,030. | 1,088. | 670. | 50. | 56. | 34. |
| Industrial electric power sales (mil. kwh) | 3,400. | 3,520. | 3,212. | 94. | 95. | 86. |
| Mining | | | | | | |
| Anthracite coal (thous. net tons) | 358. | 149. | 370. | 83. | 81. | 70. |
| Bituminous coal (thous. net tons) | 3,618. | n.a. | 4,340. † | 69. | n.a. | 80.† |
| Construction contracts awarded (mil. dols.) | | | | | | |
| Total | 542.6 | 557.2 | 360.0* | 153. | 161. | 101.* |
| Residential building | 209.2 | 245.5 | 187.4* | 124. | 133. | 102.* |
| Other building | 248.9 | 178.3 | 118.9* | 208. | 150. | 107.* |
| Nonbuilding (utilities and public works) | 84.5 | 133.3 | 53.7* | 124. | 230. | 91.* |
| **Employment of Pennsylvania Residents** | | | | | | |
| Employed, no. of persons (thous.) | 5,054. | 5,035. | 5,012. | 103.1 | 102.8 | 102.4 |
| Unemployed | | | | | | |
| No. of persons (thous.) | 617. | 610. | 574. | 155.1 | 156.7 | 147.6 |
| Rate (percentage of labor force) | 10.9 | 10.8 | 10.3 | | | |
| Rate, seasonally adjusted | 11.1 | 11.5 | 10.8 | | | |
| Civilian labor force, no. of persons (thous.) | 5,671. | 5,645. | 5,586. | 107.1 | 107.0 | 105.9 |
| Initial claims for unemployment benefits | 148,443. | 128,055. | 179,043. | 96.0 | 102.8 | 148.7 |

| Consumer Prices, all items | Urban Indexes (1967 = 100) 1983 July | 1983 Aug. | 1982 Aug. | Percentage Change Month Ago | Year Ago |
|---|---|---|---|---|---|
| U.S. city average | 299.3 | 300.3 | 292.8 | +0.3 | +2.6 |
| Philadelphia | 288.3 | 289.9 | 281.3 | +0.6 | +3.1 |
| Pittsburgh | n.a. | 310.2 | 291.4 | n.a. | +6.5 |
| Northeast PA | 283.4 | n.a. | 275.1† | n.a. | +3.0 |

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for July 1982 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

**Pennsylvania Indexes**

| | Index | | Percentage Change from Preceding Month | |
|---|---|---|---|---|
| | *Leading* | *Coincident* | *Leading* | *Coincident* |
| February | 95.3 | 82.9 | −2.9 | −0.8 |
| March | 98.4 | 83.6 | +3.3 | +0.8 |
| April | 100.2 | 84.1 | +1.8 | +0.6 |
| May | 100.6 | 85.5 | +0.4 | +1.7 |
| June | 101.6 | 86.5 | +1.0 | +1.3 |
| July | 101.8 | 87.6 | +0.2 | +1.3 |
| August | 101.8 | 87.3 | 0.0 | −0.3 |

were the first in these series in six months.

The big job losers in the state's nonmanufacturing sector were public utilities and mining. The 1.8 percent drop in the seasonally adjusted job level of the public utilities group was due to striking telephone company workers. Thus, the drop is temporary, and September's data should show the number of jobs back up to July's level.

The state's mining industry is still ailing. Employment in this industry group fell back a seasonally adjusted 3.5 percent in August after rising 9.7 percent from the recession low registered in December. It remained 19.7 percent below the level that prevailed in 1979.

Although the production of anthracite coal fell back a seasonally adjusted 2.9 percent in August, that month's downturn does not constitute a reversal in the general upward trend in this measure that began in the second quarter of 1982. In August, the adjusted level of anthracite coal mined was 15.6 percent above the level mined a year earlier.

However, more than ten times as many tons of bituminous coal than anthracite coal is mined in Pennsylvania, and no clear upward trend in the state's production of this type coal is evident. The seasonally adjusted level of bituminous coal mined in the state fell more than 12 percent in July (the latest month for which we have data) and remained well below last year's level.

One of the main reasons for the ills of the state's coal industry is the continuing plight of the its steel industry. But the seasonally adjusted average daily production of steel in Pennsylvania did rise a substantial 11.3 percent in August after declining the previous two months. That month it stood at its highest level in a year and a half.

At the same time, producton of steel in the nation as a whole fell back a seasonally adjusted 1.1 percent. Thus, the state's share of total national steel production rose to 15.5 percent from 14.6 percent a month earlier.

Total industrial production in the state, as measured by sales of electricity to industrial users, continued to inch up in August. The seasonally adjusted level of sales rose 0.8 percent from a month earlier. However, some of August's strength in this measure was due to unusually hot weather for that month rather than to increased industrial activity.

The construction industry also continued to improve in August. The value of total contract construction awards rose for the third consecutive month, bringing the cumulative total for the year above last year's for the first time. However, the gains were concentrated in the eastern half of the state. This year's cumulative value of total contract construction awards was 6 percent ahead of last year's total in the eastern region of the state in August while it remained 4 percent behind in the western region.

Residential building awards account for most of the improvement in this measure. The cumulative total value for these awards was 51 percent ahead of last year's in the eastern region and 32 percent ahead in the western region.

Commercial building awards continued to lag. The cumulative value of these awards in the eastern region was 3 percent behind last year's value and, in the western region, it was 12 percent behind.

However, the biggest drag came from awards for major structures, which was 35 percent behind the eight-month value of a year earlier in the eastern region and 27 percent behind in the western region.

In sum, although the employment picture was little changed in August, other indicators showed the state's economy continuing on a recovery course. According to the index of coincidental indicators, the state's recovery began in March, four months after the official end of the national recession. But while the recovery lost some of its momentum in August in both the state and the nation, it has by no means ended.

*— Norma I. Gavin*

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# Employment Conditions Improve for Most Population Groups

Unemployment rates for all major population groups in the state, except women, were lower in the second quarter of this year than a quarter earlier but remained above year-earlier rates.

The rate for women rose to 10.2 percent from 9.7 percent in the first quarter while the rate for men dropped 3.1 percentage points from the high of 17.5 percent. Thus, the differential in unemployment rates between males and females narrowed, but the reversal in the traditional trend for female rates to exceed those of males continued into the second quarter.

Blacks had the highest unemployment rate among the major population groups in the state although their rate did decline to 25.4 percent from 28.1 percent in the first quarter. Teenagers were closely behind with the second highest rate of 24 percent.

The youth unemployment rate was essentially unchanged in the second quarter despite the usual seasonal increase in their labor force participation. The rise in labor force participation was countered by a decline in their population.

Second-quarter employment levels were higher than levels a quarter earlier for all population groups in the state, except blacks, but remained below year-earlier levels. Nationally, more women and blacks were employed in the second quarter than in the same quarter a year earlier while the employment level for whites matched the year-earlier level.

**Employment Data by Sex, Race, and Age — Pennsylvania and the United States**

| | Number Employed | Percent Change in Employment | | Unemployment Rates | | | Labor Force Participation Rates | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1983 II (in thousands) | Over Quarter | Over Year | 1983 II | 1983 I | 1982 II | 1983 II | 1983 I | 1982 II |
| **Pennsylvania** | | | | | | | | | |
| Total, seasonally adjusted | 4,780 | 2.1 | -- | 12.8 | 13.4 | 10.3 | 59.9 | 59.1 | 59.7 |
| Total, unadjusted | 4,764 | 3.7 | - 2.4 | 12.7 | 14.3 | 10.1 | 59.6 | 58.6 | 59.4 |
| Male | 2,722 | 4.9 | - 1.5 | 14.4 | 17.5 | 11.2 | 73.9 | 72.8 | 73.4 |
| Female | 2,042 | 2.2 | - 3.5 | 10.2 | 9.7 | 8.7 | 46.9 | 45.9 | 47.3 |
| White | 4,441 | 5.2 | - 3.3 | 11.7 | 13.0 | 9.2 | 59.8 | 58.7 | 60.3 |
| Black | 290 | -13.4 | -11.3 | 25.4 | 28.1 | 23.1 | 56.7 | 56.8 | 49.8 |
| 16-19 years old | 323 | 29.7 | - 0.9 | 24.0 | 24.4 | 20.2 | 51.7 | 43.4 | 50.5 |
| **United States** | | | | | | | | | |
| Total, seasonally adjusted | 99,933 | 0.9 | -- | 10.1 | 10.3 | 9.4 | 63.9 | 63.7 | 64.0 |
| Total, unadjusted | 100,065 | 2.6 | 0.2 | 10.0 | 11.2 | 9.3 | 63.9 | 63.3 | 64.0 |
| Male | 56,555 | 3.7 | - 0.2 | 10.4 | 12.1 | 9.4 | 76.6 | 75.4 | 76.9 |
| Female | 43,510 | 1.2 | 0.8 | 9.5 | 10.0 | 9.2 | 52.5 | 52.3 | 52.4 |
| White | 88,307 | 2.8 | 0.0 | 8.7 | 10.0 | 8.2 | 64.2 | 63.6 | 64.4 |
| Black | 9,244 | 2.1 | 1.2 | 20.6 | 20.6 | 18.5 | 61.7 | 60.6 | 60.5 |
| 16-19 years old | 6,347 | 13.0 | - 5.0 | 23.9 | 24.6 | 23.3 | 54.4 | 45.1 | 55.0 |

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor.

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

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